

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).

Name of the Mutual Fund	:	Pramerica Mutual Fund
Name of the Asset Management Company	:	Pramerica Asset Managers Private Limited
Name of the Trustees	:	Pramerica Trustees Private Limited
Address and website of the above entities	:	2nd Floor, Nirlon House, Dr. A.B Road, Worli, Mumbai 400030, INDIA www.pramericamf.com

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.

This SAI is dated September 10, 2013

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1. 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.

Pramerica is a trade name used by the Sponsor and its affiliated companies in select countries outside the U.S.A. PFI is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

B. Sponsor

Pramerica Mutual Fund is sponsored by PFI (the “Sponsor”) (www.prudential.com), a company incorporated and with its principal place of business in the United States of America (U.S.A). PFI is the settlor of the Mutual Fund trust. The Sponsor has entrusted a sum of Rs. 100,000/- (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 \$ 1060 billion of assets under management as of December 31, 2012 and with over 51,100 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 1st on Fortune Magazine’s 2012 List of World’s Most Admired Companies in the Insurance: Life and Health Category.

Financial Performance of the Sponsor during the past three years (as on Dec 31) is as follows:

(All figures in USD millions)

Particulars	2012	2011	2010	2009
Net Worth	39,291	37,811	32,928	25,729
Total Income	84,812	49,193	38,306	33,918
Profit after tax	469	3,666	3,195	3,124
Assets Under Management (USD in Billion)	1060	901	784	667

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
Mr. John Praveen (Associate Director)	Age: 60 years Qualification: <ul style="list-style-type: none"> • M.A.in Economics • M. Phil in Economics • Ph.D. in Economics 	<p>He is currently the Managing Director and Chief Investment Strategist of Pramerica International Investments Advisers, Newark, NJ, USA (Since 2004). Prior to this he was associated with:-</p> <ul style="list-style-type: none"> • May 1997 to May 2004 - Credit Suisse Asset Management, New York and London as the Managing Director, Head Global Equities; • June 1994 to May 1997 - Merrill Lynch, New York, USA as Vice-President, Senior Global Economist. • Sept 1989 & Jan 1995 - Assistant Professor of Economics & Finance, Montclair State University, New Jersey, USA. • Sept 1987 – Aug 1989 - Lecturer in Economics California State University, Fullerton, CA, USA. <p>He is also a director of Prudential International Investments Advisers, LLC, U.S.A.</p>
Mr. Vijay Agarwal (Independent Director)	Age: 54 years Qualification: B.Com., FCA	<p>Mr. Vijay Agarwal is a practicing Chartered Accountant and Partner of Agarwal Vijay Associates, Chartered Accountants, Mumbai since August 1997.</p> <p>He is also a director on the Board of various companies.</p>
Mr. Ashwini Kakkar (Independent Director)	Age: 58 years Qualification: <ul style="list-style-type: none"> • B.Sc.(Mechanical Engineering); • LL.B; • P.G.D.M. 	<p>Mr. Kakkar is currently the Executive Vice-Chairman Mercury Travels Ltd. (since 2006).</p> <p>Prior to that he was the CEO & Managing Director of Thomas Cook India Limited (1997- January 2006).</p> <p>He is also a director on the Board of various companies.</p>

	(Marketing & Finance), IIM (Kolkata); • M.B.A. - European Institute of Business Administration (INSEAD), France	
Mr. Sujal Shah (Independent Director)	Age: 44 years Qualification: B.Com., FCA	Mr. Sujal Shah is a practicing Chartered Accountant and Partner of M/s. SSPA & Co., Chartered Accountants. Prior to setting up his own CA firm, he was a Partner in M/s. Dalal & Shah, Chartered Accountants, Mumbai (Nov. 2006 to March 2008) and M/s. N.M. Raiji & 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. He is also a director on the Board of various companies and partner of SSPA & Co., Chartered Accountants & SSPA & Associates., Chartered Accountants.

Note: Ms. Dharmistha N. Rawal ceased to be the Independent Director (Trustee) of the Pramerica Trustees Pvt. Ltd. w.e.f. October 29, 2012.

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 (Mutual Fund) Regulations, 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 (Mutual Funds) 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 anybody 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 six 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, is 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 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.

Any addition/modification/deletion in the duties and responsibilities of the Trustee due to a change in the SEBI Regulations shall be applicable accordingly.

Notwithstanding anything contained in any applicable SEBI (Mutual Funds) Regulations, 1996, the Directors of the Trustee shall not be held liable for acts done in good faith, if they have exercised adequate due diligence honestly.

D. The Asset Management Company (AMC)

Pramerica Asset Managers Private Limited (“the AMC”), a private limited company incorporated under the Companies Act, 1956, and having its Registered Office at 2nd Floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai – 400 030. Further, the AMC has the regulatory approval to act as asset manager for the Fund vide SEBI’s approval letter no. OW / 5045 / 2010 dated May 13, 2010 and has been appointed as the Asset Management Company of Pramerica Mutual Fund by Pramerica Trustees Private Limited (“the Trustee”), vide an Investment Management Agreement (IMA) dated July 30, 2009, executed between the Trustee and the AMC, and as amended by a Supplemental IMA dated April 20, 2010.

The AMC is a wholly owned ‘step-down’ subsidiaries of PFI, the Sponsor of Pramerica Mutual Fund, through one of its wholly owned ‘step-down’ subsidiaries, namely, PGLH of Delaware, Inc.

The shareholding pattern of the AMC as on date is as follows:

Shareholder	Type of holding	% of shareholding
PGLH of Delaware, Inc.	Equity	Almost 100%
Pramerica Financial Asia Limited	Equity	Insignificant

The AMC has been established as a full service asset management company providing investment solutions to both domestic and international retail as well as institutional clients.

The AMC is also registered as a Portfolio Manager with SEBI under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000003864 and the certificate of registration is valid up to September 15, 2013. The AMC shares investment research facility and certain employees between the mutual fund and portfolio management services activities. SEBI has vide its letter no. OW/3468/2013 dated February 08, 2013, accorded it’s no objection to the AMC for sharing the investment research facility and certain employees between the mutual fund and portfolio management activities of the AMC. The AMC has proper systems and controls in place to ensure that there is no conflict of interest between the activity of managing the schemes of Pramerica Mutual Fund and the activity of portfolio management services.

Details of AMC Directors:

Name	Age/Qualification	Brief Experience
Mr. Vijai Mantri (Associate Director)	Age: 44 Qualification: B.Com, ACA AMP (Indian School of Business)	Mr. Vijai Mantri is the Managing Director and the Chief Executive Officer of Pramerica Asset Managers Private Limited. Prior to this, he was the CEO of Deutsche Asset Management Co (I) Pvt. Ltd. He has worked with HDFC Asset Management Company Limited., managing the sales and distribution function for about seven years and has also worked with Aditya Birla Group for seven years in financial services division handling multiple portfolios.
Mr. Ravi Kumar (Associate Director)	Age: 43 Qualification: M.B.A. Kellogg School of Management, USA B.A. (Harvard University, USA)	Mr. Ravi Kumar is currently the Executive Director & Chief Operating Officer of Pramerica Asset Managers Private Limited. He has worked with Pramerica Financial (the Sponsor) for over eight years and has managed all stages of acquisitions, divestitures and Joint Ventures in financial institutions. He has also worked with ABN AMRO Inc., USA in Investment Banking, analyzing financial data related to Mergers and Acquisitions, Public Offerings, etc.
Mr. C.P. Philip (Independent Director)	Age: 63 Qualification: M. Sc., C.A.I.I.B. (Part I)	Mr. C.P. Philip is the former Executive Director of IDBI Bank Ltd., where he worked in various capacities for about 30 years. He has varied and wide experience in various areas of banking, both developmental and commercial. As Executive Director of IDBI Bank, he was responsible for the overall Risk Management & Audit. He was actively involved in putting in place the Basel II guidelines with regard to standardized approach. He headed various functions viz., Risk Management & Audit, Corporate Banking, Retail Banking, Branch & Centralised Operations, Human Resources & Training, Administration. He has had immense exposure to term lending, working in various capacities. Has handled many projects in infrastructure, manufacturing and services sectors.
Mr. G. Parthasarathy (Independent Director)	Age: 71 Qualification: B.E. (Electrical)	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

		<p>from 1990 to 1992 and Ambassador of India to Myanmar from 1992 to 1995.</p> <p>He had served as the Information Adviser in the Prime Minister's Office with Prime Minister Rajiv Gandhi. 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>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>He is also the director of Kanoria Chemicals & Industries Ltd</p>
<p>Mr. Vijay Ranchan (Independent Director)</p>	<p>Age: 69 Qualification: M.A., IAS</p>	<p>Mr. Vijay Ranchan is a former IAS Officer, currently working as a Management Consultant. He was Addl. Chief Secretary in Govt. of Gujarat, handling Policy framing & 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),</p>

		<p>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. He is currently also director on the board of various companies.</p> <p>He is also the director on the Board of various companies.</p>
<p>Mr. Richard Nicholas DiDio¹ (Associate Director)</p>	<p>Age: 50 Qualification: Bachelor of Science in Economics from Wagner College, New York (USA).</p>	<p>Mr. Richard DiDio is associated with Prudential Financial's International Investments division with Operations and Risk Management responsibilities. In this capacity, Mr. DiDio provides risk management oversight to several Prudential's international businesses in Asia, Latin America and Europe, in addition to overseeing the operations and systems activities ensuring alignment with business strategy and market best practices. Mr. DiDio joined Prudential in February 1997 to oversee the internal control capabilities supporting Prudential's US asset management organizations and he was moved to Prudential's International Investments in May 2000 to provide operations and systems support of business development initiatives focused on establishing asset management and client servicing capabilities outside of the United States. Prior to Prudential includes, he was associated with JP Morgan Chase (formerly, Chase Manhattan Bank).</p>

Duties and Responsibilities of the Asset Management Company:

Under the SEBI (Mutual Funds) Regulations, 1996 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 (Mutual Funds) Regulations, 1996 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.

¹ Mr. Richard Nicholas DiDio was appointed as an additional director on the Board of Directors of the Company w.e.f. November 30, 2012.

4. The AMC shall submit quarterly reports on the functioning of the Scheme and the compliance with SEBI (Mutual Funds) Regulations, 1996 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 (Mutual Funds) Regulations, 1996. 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 (Mutual Funds) 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 (Mutual Funds) Regulations, 1996 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 (Mutual Funds) Regulations, 1996 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 (Mutual Funds) Regulations, 1996.
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 (Mutual Funds) 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 / Educational Qualifications	Brief Experience
<p>Mr. Vijai Mantri Managing Director & Chief Executive Officer</p>	<p>Age : 44 years</p> <p>Qualification: B. Com., ACA, AMP (Indian School of Business)</p>	<ul style="list-style-type: none"> • Over 20 years managing and handling organizational set-up, business development, sales and marketing; • Oct 2008 till date - Pramerica Asset Managers Private Limited (Managing Director & Chief Executive Officer); • Apr 2008 to Sept 2008 - DLF Group as ‘Consultant’ for advising on preparatory work for setting up the AMC business with Sponsor/ JV partner;

		<ul style="list-style-type: none"> • Jan 2007 to Apr 2008 - Deutsche Asset Management Limited (Chief Executive Officer); • Jun 2000 to Jan 2007 - HDFC Asset Management Company Limited. (Last position held: Vice President – Sales & Distribution) • Feb 1993 to Jun 2000 - Birla Global Finance Limited (Last position held: Assistant Vice President, Worked in Capital Market distribution of institutional and retail financial products)
Mr. Ravi K Kumar Executive Director & Chief Operating Officer	Age: 43 years Qualification: Masters in Management (Kellogg School of Management) Bachelor in Arts (Harvard University)	<ul style="list-style-type: none"> • Over 14 years of experience in handling various stages of mergers and acquisitions; organizational set-up; handling Finance, Operations, IT & HR functions. • Oct 2008 till date - Pramerica Asset Managers Private Limited (Executive Director & Chief Operating Officer) • Mar 2000 to Sept 2008 - Prudential Financial Inc (Last Position held: Vice President – Mergers & Acquisitions / Business Development); • Jun 1997 to Dec 1999 - ABN AMRO Inc. (USA) (Last position held: Associate – Investment Banking)
Mr. Brahmprakash Singh Executive Director & CIO - Equity ²	Age: 44 years Qualification: MMS	<ul style="list-style-type: none"> • Over 18 years of experience in broad based investment management, including portfolio management of equity schemes with a bottom-up investment style. • Executive Director & CIO – Equity - Pramerica Asset Managers Private Limited (Aug 22, 2012 till date) • Chief Investment Advisor - BCP Advisors Private Limited (Jan 2008 till Aug 14, 2012)

² Mr. Ravi Gopalakrishnan - Executive Director & Chief Investment Officer – Equity resigned from the services of Pramerica Asset Managers Private Limited and ceased to be the Key personnel of the AMC from the close of business hours of August 31, 2012. Mr. Brahmprakash Singh is appointed as Executive Director & Chief Investment Officer – Equity and Key Personnel of the AMC with effect from August 22, 2012.

		<ul style="list-style-type: none"> • Managing Director & Portfolio Advisor – Atlantis Investment Advisors (India) Limited - (Sept, 2005 till Dec, 2007) • Head of Equities - Deutsche Asset Management (India) Pvt. Limited (May, 2002 till Mar, 2005)
Mr. Mahendra Kumar Jajoo Executive Director & CIO - Fixed Income	Age: 43 years Qualification: B.Com, ACA, ACS, CFA (from CFA Institute, USA).	<ul style="list-style-type: none"> • Over 20 years of experience in financial services and capital markets; • Jan 2010 till date - Pramerica Asset Managers Private Limited as Executive Director & CIO - Fixed Income; • June 2008 to Dec.2009 - Tata Asset Management Ltd as Head – Fixed Income and Structured Products; • Jan 2005 to Jun 2008 - ABN AMRO AMC as CIO – Fixed Income and Structured Products; • Mar 1999 to Dec. 2004 - ABN AMRO Securities India Pvt. Ltd. as Head – Primary Dealership.
Mr. Sukesh Shetty³ Director & Head – Operations & Customer Service	Age: 42 years Qualification: B.Com	<ul style="list-style-type: none"> • Over 20 years handling securities operations, cash management, customer service, fund administration and banking; • May 2013 till date - Pramerica Asset Managers Private Limited as Director & Head – Operations & Customer Service; • Nov 2012 till April 2013 - Pramerica Asset Managers Private Limited as Head – PMS Operations; • Sept 2007 to Nov 2012 - Mirae Asset Global Investments (India) Private Limited as Head – Operations; • June 2004 to Sept 2007 - ICICI Prudential Asset Management Company Limited as Manager – Operations;

³ Mr. Sukesh Shetty is appointed as the Head of Operations & Customer Services for the Mutual Fund Business and Mr. Robinson Francis ceased to be the Head of Operations & Customer Services for the Mutual Fund business of the company with effect from May 2, 2013.

		<ul style="list-style-type: none"> Nov 1993 to June 2004 - Life Insurance Corporation of India (Last position held - Assistant / Programmer).
Mr. Sumesh Kumar Director & Head – Legal & Compliance	Age: 37 years Qualification: B. Sc (Mathematics), ACS, BGL	<ul style="list-style-type: none"> Jan 2012 till date - Pramerica Asset Managers Private Limited as Director & Head – Legal & Compliance; Mar 2009 to Jan 2012 - ING Investment Management (India) Private Limited (Last position held - Vice President - Compliance & Company Secretary); Dec 2005 till Feb 2009 – Religare Asset Management Company Private Limited Manager (Last position held - Manager - Compliance); Jul 2005 till Dec 2005– Principal Pnb Asset Management Company Private Limited (Last position held - Officer - Compliance); Nov 2003 – Jun 2005 - M/s. Mehta & Mehta – Company Secretaries (Last position held – Assistant Manager - Legal).

All the key personnel are based at the Registered Office of the AMC in Mumbai.

The AMC currently has 12 personnel in the fund management team, including 4 equity research analysts and 2 credit analyst.

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, which lays 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.

E. Service Providers

i. Custodian

Citibank N.A.

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

ii. Registrar and Transfer Agent

Karvy Computershare Private Limited

Karvy Plaza, Street No. 1, Banjara Hills,
Hyderabad – 500 034
SEBI Registration Number - **INR000000221**

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.

iii. Statutory Auditor for the Mutual Fund

M/s. B S R & Co.,

Chartered Accountants,
Lodha Excellus, 1st Floor, Apollo Mills Compound,
NM Joshi Marg, Mahalaxmi, Mumbai, 400 011

iv. 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.

v. Collection Bankers

HDFC Bank Limited

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

The AMC reserves the right to change / modify the list of Collection Bankers. During the New Fund Offer of the Schemes, the AMC shall appoint additional Collection Bankers to

accept the applications for investment in the Schemes. The list of the Collection Bankers 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

vi. Fund Accountant

Citibank N.A.

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

2. CONDENSED FINANCIAL INFORMATION (CFI)

Given below are the CFI for all the schemes launched by Pramerica Mutual Fund during last three fiscal years (excluding redeemed schemes):-

Date of Allotment	Pramerica Liquid Fund				Pramerica Ultra Short Term Bond Fund			
	27-Aug-10				24-Sep-10			
	2010-11	2011-12	2012-13		2010-11	2011-12	2012-13	
	Regular Plan	Regular Plan	Regular Plan	Direct Plan	Regular Plan	Regular Plan	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 01) (Rs.)								
Daily Dividend Option	N/A	1000.0450	1000.0950	N/A	N/A	1000.2300	1000.6318	N/A
Weekly Dividend Option	N/A	1000.6977	1001.2226	N/A	N/A	1000.8263	1001.2268	N/A
Fortnightly Dividend Option	N/A	1001.2057	1001.5428	N/A	N/A	1001.0667	1001.2784	N/A
Monthly Dividend Option	N/A	1001.2057	1001.4990	N/A	N/A	1001.0653	1001.2831	N/A
Growth Option	N/A	1045.6892	1144.6243	N/A	N/A	1042.1018	1143.2284	N/A
Dividends (Individual & HUF) (Net Amount in Rs.)								
Daily Dividend Option	28.259993	71.102823	70.386858	16.59243	32.543030	81.279898	77.14434	17.901867
Weekly Dividend Option	28.053463	70.776181	70.625691	15.516218	32.356735	81.309411	77.595638	15.373204
Fortnightly Dividend Option	27.678935	71.001602	70.912682	N/A	32.175248	81.567934	76.768826	N/A
Monthly Dividend Option	29.790846	71.178937	71.050643	N/A	35.409085	81.719734	77.861909	18.163282
Dividends (Others) (Net Amount in Rs.)								
Daily Dividend Option	28.259993	68.641415	67.512895	15.91498	30.330503	70.663668	66.090499	15.34371
Weekly Dividend Option	28.053463	68.351333	67.742165	14.882719	30.156872	70.734865	65.507302	13.176392
Fortnightly Dividend Option	27.678935	68.548979	68.017422	N/A	29.987722	70.895793	66.312904	N/A
Monthly Dividend Option	29.790846	68.719911	68.149753	N/A	33.001697	71.029947	66.735529	15.567767
NAV at the end of the year (as on March 31) (Rs.)								
Daily Dividend Option	1,000.0450	1,000.0950	1000.2500	1000.248	1,000.2300	1,000.6318	1001.7971	1001.8087
Weekly Dividend Option	1,000.6977	1,001.2226	1001.3660	1001.3804	1,000.8263	1,001.2268	1001.8948	1001.9178
Fortnightly Dividend Option	1,001.2057	1,001.5428	1001.4234	1001.3667	1,001.0667	1,001.2784	1002.2993	N/A
Monthly Dividend Option	1,001.2057	1,001.4990	1001.3667	N/A	1,001.0653	1,001.2831	1001.8972	1001.9950
Growth Option	1,045.6892	1,144.6243	1252.1808	1252.3930	1,042.1018	1,143.2284	1249.6941	1250.5828
Annualized Return (Growth option)	N/A	9.07%	9.39%	2.13%	N/A	9.42%	9.37%	2.04%
Absolute Return** (Growth option)	4.57%	N/A	N/A	N/A	4.21%	N/A	N/A	N/A
Benchmark Returns	4.27%	8.20%	8.2%	1.88%	3.81%	8.28%	8.2%	1.85%
Name of the Benchmark	CRISIL Liquid Fund Index				CRISIL Liquid Fund Index			
Standard Benchmark Returns	3.10%	6.21%	8.35%	2.03%	2.73%	6.26%	8.35%	1.94%
Name of the Standard Benchmark	CRISIL 1 Year T-Bill				CRISIL 1 Year T-Bill			
Net Assets end of period (Rs. Crs)	124.66	518.45	586.14		440.54	191.24	176.53	
Ratio of Recurring Expenses to net assets (%)	0.22%	0.23%	0.10%	0.31236%	0.27%	0.47%	0.60%	0.30%

	Pramerica Equity Fund				Pramerica Dynamic Asset Allocation Fund®			
Date of Allotment	6-Dec-10				6-Dec-10			
Financial Year	2010-11	2011-12	2012-13		2010-11	2011-12	2012-13	
	Regular Plan	Regular Plan	Regular Plan	Direct Plan	Regular Plan	Regular Plan	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 01) (Rs.)								
Dividend Option	N/A	9.58	8.31	N/A	N/A	9.78	9.18	N/A
Growth Option	N/A	9.58	8.31	N/A	N/A	9.78	9.18	N/A
Dividends (Rs.)								
Dividend Option	Nil	Nil	Nil	N/A	Nil	Nil	Nil	N/A
NAV at the end of the year (as on March 31) (Rs.)								
Dividend Option	9.58	8.31	8.70	8.71	9.78	9.18	9.75	9.76
Growth Option	9.58	8.31	8.70	8.71	9.78	9.18	9.75	9.76
Annualized Return (Growth option)	N/A	-12.82%	4.68%	-8.12%	N/A	-6.22%	6.22%	-5.43%
Absolute Return** (Growth option)	-4.20%	N/A	N/A	N/A	-2.20%	N/A	N/A	N/A
Benchmark Returns	-2.65%	-8.82%	7.33%	-5.18%	-0.58%	-1.86%	8.37%	-2.23%
Name of the Benchmark	CNX Nifty				50% CNX Nifty + 50% CRISIL MIP Index			
Standard Benchmark Returns	-2.68%	-9.79%	8.25%	-4.46%	-2.68%	-9.79%	8.25%	-4.22%
Name of the Standard Benchmark	SENSEX				SENSEX			
Net Assets end of period (Rs. Crs)	39.56	32.76	33.38		122.79	103.32	65.71	
Ratio of Recurring Expenses to net assets (%)	2.50%	2.50%	2.88%,	2.45%	2.47%	2.47%	2.88%,	2.45%

	Pramerica Short Term Income Fund				Pramerica Dynamic Monthly Income Fund			
Date of Allotment	4-Feb-11				29-Mar-11			
Financial Year	2010-11	2011-12	2012-13		2010-11	2011-12	2012-13	
	Regular Plan	Regular Plan	Regular Plan	Direct Plan	Regular Plan	Regular Plan	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 01) (Rs.)								
Weekly Dividend Option	N/A	1002.2721	1004.5610	N/A	\$\$	\$\$	\$\$	N/A
Fortnightly Dividend Option	N/A	1002.9569	1002.7410	N/A	\$\$	\$\$	\$\$	N/A
Monthly Dividend Option	N/A	1002.9594	1002.4042	N/A	\$\$	\$\$	10.2423	N/A
Quarterly Dividend Option	N/A	N/A	1003.2762	N/A	\$\$	\$\$	\$\$	N/A
Dividend Option	\$\$	\$\$	\$\$	N/A	N/A	N/A	N/A	N/A
Growth Option	N/A	1016.7794	1120.3064	N/A	N/A	N/A	10.6265	N/A
Dividends (Individual & HUF) (Net Amount in Rs.)								
Weekly Dividend Option	12.437371	83.258745	80.134163	17.731551	\$\$	\$\$	\$\$	\$\$
Fortnightly Dividend Option	10.574518	85.519734	75.978001	10.402092	\$\$	\$\$	\$\$	\$\$
Monthly Dividend Option	11.867437	85.980527	78.931026	6.482104	\$\$	\$\$	\$\$	\$\$
Quarterly Dividend Option	Nil	49.535162	78.180917	\$\$	\$\$	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	\$\$	Nil	0.404338	0.697615	0.026122
Dividends (Others) (Net Amount in Rs.)								
Weekly Dividend Option	11.591782	72.611909	68.683078	15.197731	\$\$	\$\$	\$\$	\$\$
Fortnightly Dividend Option	9.855579	74.611731	65.120823	8.915644	\$\$	\$\$	\$\$	\$\$
Monthly Dividend Option	11.060595	75.020004	67.651869	5.555818	\$\$	\$\$	\$\$	\$\$

Quarterly Dividend Option	Nil	42.456640	67.008948	\$\$	\$\$	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	\$\$	Nil	0.346560	0.597633	0.022256
NAV at the end of the year (as on March 31) (Rs.)								
Weekly Dividend Option	1,002.2721	1,004.5610	1002.0830	1003.1087	\$\$	\$\$	\$\$	\$\$
Fortnightly Dividend Option	1,002.9569	1,002.7410	1005.0276	1002.3154	\$\$	\$\$	\$\$	\$\$
Monthly Dividend Option	1,002.9594	1,002.4042	1001.4332	1001.9280	\$\$	\$\$	\$\$	\$\$
Quarterly Dividend Option	N.A.	1,003.2762	1004.0671	\$\$	\$\$	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	\$\$	10.0745	10.2423	10.2440	10.3162
Growth Option	1,016.7794	1,120.3064	1223.8329	\$\$	10.0746	10.6265	11.4969	11.5243
Annualized Return (Growth option)	N/A	10.40%	9.3%	1.55%	N/A	6.20%	8.23%	0.32%
Absolute Return** (Growth option)	1.68%	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
Benchmark Returns	1.39%	8.48%	9.08%	1.69%	0.27%	5.47%	9.09%	0.65%
Name of the Benchmark	^^CRISIL Short Term Debt Index				CRISIL MIP Blended Index			
Standard Benchmark Returns	1.11%	6.74%	8.35%	1.69%	0.15%	2.57%	11.28%	2.16%
Name of the Standard Benchmark	CRISIL 1 Year T-Bill				CRISIL 10 Year Gilt Index			
Net Assets end of period (Rs. Crs)	40.95	146.78	62.09		106.78	117.51	74.85	
Ratio of Recurring Expenses to net assets (%)	0.69%	1.08%	1.5%	1.0%	2.09%	2.13%	2.45%	1.95%

	Pramerica Treasury Advantage Fund			Pramerica Credit Opportunities Fund		
Date of Allotment	3-Jun-11			31-Oct-11		
Financial Year	2011-12	2012-13		2011-12	2012-13	
	Regular Plan	Regular Plan	Direct Plan	Regular Plan	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 01) (Rs.)						
Daily Dividend Option	N/A	1001.5689	N/A	\$\$	\$\$	N/A
Weekly Dividend Option	N/A	N/A	N/A	\$\$	\$\$	N/A
Fortnightly Dividend Option	N/A	1001.5148	N/A	\$\$	\$\$	N/A
Monthly Dividend Option	N/A	1001.6163	N/A	\$\$	\$\$	N/A
Quarterly Dividend Option	\$\$	\$\$	N/A	\$\$	\$\$	N/A
Dividend Option	\$\$	\$\$	N/A	N/A	1003.6321	N/A
Growth Option	N/A	1078.3923	N/A	N/A	1045.7838	N/A
Dividends (Individual & HUF) (Net Amount in Rs.)						
Daily Dividend Option	64.324433	70.984282	3.660974	\$\$	\$\$	\$\$
Weekly Dividend Option	50.955686	54.738237	Nil	\$\$	\$\$	\$\$
Fortnightly Dividend Option	53.217974	72.859876	Nil	\$\$	\$\$	\$\$
Monthly Dividend Option	64.441727	73.104792	Nil	N/A	N/A	N/A
Quarterly Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	36.487292	81.484324	21.062688
Dividends (Others) (Net Amount in Rs.)						
Daily Dividend Option	55.132550	60.840686	3.137822	\$\$	\$\$	\$\$
Weekly Dividend Option	43.674173	46.916199	Nil	\$\$	\$\$	\$\$
Fortnightly Dividend Option	45.613179	62.448275	Nil	\$\$	\$\$	\$\$
Monthly Dividend Option	55.233071	62.658196	Nil	\$\$	\$\$	\$\$
Quarterly Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	31.273297	69.840312	18.052852
NAV at the end of the year (as on March 31) (Rs.)						
Daily Dividend Option	1,001.5689	1003.3300	1002.8287	\$\$	\$\$	\$\$
Weekly Dividend Option	N/A	1001.1185	Nil	\$\$	\$\$	\$\$
Fortnightly Dividend Option	1,001.5148	1001.1622	Nil	\$\$	\$\$	\$\$

Monthly Dividend Option	1,001.6163	1001.1186	Nil	N/A	N/A	N/A
Quarterly Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	1,003.6321	1007.4044	1007.9629
Growth Option	1,078.3923	1172.7239	1174.5982	1,045.7838	1150.1718	1151.1893
Annualized Return (Growth option)	N/A	8.8%	1.36%	N/A	10.04%	1.79%
Absolute Return** (Growth option)	7.81%	N/A	N/A	4.55%	N/A	N/A
Benchmark Returns	7.30%	9.08%	1.69%	4.01%	9.27%	1.29%
Name of the Benchmark	^^CRISIL Short Term Debt Index			^CRISIL Long Term Debt Index		
Standard Benchmark Returns	6.02%	8.35%	1.69%	3.33%	8.35%	1.69%
Name of the Standard Benchmark	CRISIL 1 Year T-Bill			CRISIL 1 Year T-Bill		
Net Assets end of period (Rs. Crs)	84.83	38.33		140.49	279.67	
Ratio of Recurring Expenses to net assets (%)	0.98%	1.5%	1.0%	2.14%	1.85%	1.35%

	Pramerica Dynamic Bond Fund*			Pramerica Short Term Floating Rate Fund		
Date of Allotment	12-Jan-12			10-Feb-12		
Financial Year	2011-12	2012-13		2011-12	2012-13	
	Regular Plan	Regular Plan	Direct Plan	Regular Plan	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 01) (Rs.)						
Daily Dividend Option	\$\$	\$\$	N/A	N/A	1000.3735	N/A
Weekly Dividend Option	\$\$	\$\$	N/A	N/A	1001.1289	N/A
Fortnightly Dividend Option	\$\$	\$\$	N/A	\$\$	\$\$	N/A
Monthly Dividend Option	N/A	1004.0126	N/A	N/A	1001.1979	N/A
Quarterly Dividend Option	N/A	1003.0096	N/A	\$\$	\$\$	N/A
Dividend Option	\$\$	\$\$	N/A	\$\$	\$\$	N/A
Growth Option	N/A	1017.8630	N/A	N/A	1013.6622	N/A
Dividends (Individual & HUF) (Net Amount in Rs.)						
Daily Dividend Option	\$\$	\$\$	\$\$	11.618521	76.764731	17.326292
Weekly Dividend Option	\$\$	\$\$	\$\$	8.178918	78.512067	16.80314
Fortnightly Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Monthly Dividend Option	12.104995	81.38157	22.103777	10.925810	77.825296	6.339973
Quarterly Dividend Option	13.045164	79.825054	Nil	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Dividends (Others) (Net Amount in Rs.)						
Daily Dividend Option	\$\$	\$\$	\$\$	9.958249	65.795126	14.850383
Weekly Dividend Option	\$\$	\$\$	\$\$	7.010158	67.292784	14.401991
Fortnightly Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Monthly Dividend Option	10.375204	69.752231	18.94517	9.364523	66.704141	5.433998
Quarterly Dividend Option	11.181024	68.418136	Nil	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
NAV at the end of the year (as on March 31) (Rs.)						
Daily Dividend Option	\$\$	\$\$	\$\$	1,000.3735	1002.5396	1002.5397
Weekly Dividend Option	\$\$	\$\$	\$\$	1,001.1289	1001.2985	1001.3067
Fortnightly Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Monthly Dividend Option	1,004.0126	1000.3563	Nil	1,001.1979	1002.4580	1002.4715
Quarterly Dividend Option	1,003.0096	1001.8895	Nil	\$\$	\$\$	\$\$
Dividend Option	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Growth Option	1,017.8630	1111.5878	1112.9389	1,013.6622	1108.8651	1109.1053
Annualized Return (Growth option)	N/A	9.26%	1.59%	N/A	9.45%	1.96%
Absolute Return** (Growth option)	1.76%	N/A	N/A	1.34%	N/A	N/A
Benchmark Returns	1.48%	9.27%	1.69%	0.97%	9.08%	1.88%
Name of the Benchmark	^CRISIL Long Term Debt Index			^^CRISIL Short Term Debt Index		
Standard Benchmark Returns	-0.25%	11.28%	2.16%	1.10%	8.35%	1.94%
Name of the Standard Benchmark	CRISIL 10 Year Gilt Index			CRISIL 1 Year T-Bill		
Net Assets end of period (Rs. Crs)	69.47	96.94		96.93	126.05	

Ratio of Recurring Expenses to net assets (%)	1.22%	2.45%	1.95%	0.15%	0.30%	0.20%
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PRAMERICA FIXED DURATION FUND - SERIES 5*		
Date of Allotment	15-Mar-2013	
Financial Year	2012-13	
	Regular Plan	Direct Plan
NAV at the beginning of the year (as on April 01) (Rs.)		
Dividend Option	N/A	N/A
Growth Option	N/A	N/A
Dividends (Individual & HUF) (Net Amount in Rs.)		
Dividend Option	N/A	N/A
Dividends (Others) (Net Amount in Rs.)		
Dividend Option	N/A	N/A
NAV at the end of the year (as on March 31) (Rs.)		
Dividend Option	1004.57193	Nil
Growth Option	1004.57118	1004.6180
Absolute Return** (Growth option)	0.39%	0.39%
Benchmark Returns	0.30%	0.30%
Name of the Benchmark	^^CRISIL Short Term Debt Index	
Standard Benchmark Returns	0.34%	0.34%
Name of the Standard Benchmark	CRISIL 1 Year T-Bill	
Net Assets end of period (Rs. Crs)	61.17	
Ratio of Recurring Expenses to net assets (%)	0.15%	0.05%

*Pramerica Dynamic Asset Allocation Fund was earlier known as Pramerica Dynamic Fund.

^CRISIL Long Term Debt Index was earlier known as CRISIL Composite Bond Fund Index

^^CRISIL Short Term Debt Index was earlier known as CRISIL Short Term Bond Fund Index

\$\$ Option not available under the scheme. N/A – Not Applicable. Returns are based on Growth Option.

**For the schemes that have not completed one year at the end of the respective year, returns for such periods are given as absolute returns and are not annualized.

Past performance may or may not be sustained in future.

3. HOW TO APPLY

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

A. Purchase

- a) 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.
- b) 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.
- c) 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.
- d) 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).
- e) 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.

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

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).

- (i) 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.

- (ii) ASBA facility is currently available only to those investors who wish to hold the units in dematerialized form.
- (iii) 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 Self Certified Syndicate Bank (SCSB) (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), BSE (www.bseindia.com), and NSE (www.nseindia.com)), 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).
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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.
- (ix) 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.

- (x) 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.
- (xi) 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.
- (xii) 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.

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.

- Investments (including investments in SIPs) of up to Rs. 50,000/- per year per investor have been exempted from the requirement of PAN. The aggregate of the lump sum investment (fresh purchase & additional purchase) and Micro SIP installments by an investor in a financial year i.e April to March does not exceed Rs. 50,000/- shall be exempt from the requirement of PAN. However, requirements of Know Your Customer (KYC) shall be mandatory. Also, 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. Further, this exemption shall be applicable only to micro 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. For the purpose of identifying Micro investment, the value of investments at the investor level (first holder) will be aggregated based on the unique ID number mentioned on the KYC Acknowledgement and such aggregation shall be done irrespective of the number of folios / accounts under which the investor is investing.
- 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.pramerica.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.

Employee Unique Identification Number (EUIIN)

Pursuant to SEBI circular dated September 13, 2012, Mutual Funds have created a unique identity number of the employee/ relationship manager/ sales person of the distributor interacting with the investor for the sale of mutual fund products, in addition to the AMFI Registration Number (ARN) of the distributor. This Employee Unique Identification Number is referred as "EUIIN".

EUIIN aims to assist in tackling the problem of mis-selling even if the employee/relationship manager/sales person leaves the employment of the distributor or his/her sub broker. Quoting of EUIIN is mandatory in case of advisory transactions.

Investors shall ensure that the application form, if routed through a Distributor shall have a valid ARN code, Sub broker ARN code, and EUIN.

Investors are requested to note that EUIN is applicable for transactions such as Purchases, Switches, Registrations of SIP / STP / Trigger STP / Dividend Transfer Plan and EUIN is not applicable for transactions such as Installments under SIP/ STP / SWP / STP Triggers, Dividend Reinvestments, Bonus Units, Redemption, SWP Registration, Zero Balance Folio creation and installments under Dividend Transfer Plans.

Registration of Multiple Bank Accounts

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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 10 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. Effective from January 01, 2011 KYC compliance is made mandatory for all categories of investors irrespective of the amount investment;
- Pursuant to SEBI Circular No. MIRSD/ Cir-26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir-21/2011 dated October 5, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market, the following are the revised KYC requirements with effect from January 01, 2012:-
 - SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc. New Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds. The KYC Application Forms are also available on our website www.pramericamf.com;
 - The Mutual Fund shall perform the initial KYC of its new investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar & Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the Mutual Fund. KRA shall send a letter to the investor within 10 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof;
 - Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds. However, the Mutual Fund reserves the right to carry out fresh KYC of the investor;
 - It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from the Effective Date. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund. Pramerica Asset Managers Private Limited and NISM/AMFI certified distributors who are KYD compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks;

- Existing KYC compliant investors of the Mutual Fund can continue to invest as per the current practice. However, existing investors are also urged to comply with the new KYC requirements including IPV as mandated by SEBI.
- 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. 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 standard KYC formalities.

For investor investing through Micro SIP route (i.e. Rs. 50000/- per year per investor) following documents are required:

- Standard specified identification instruments like Voter ID card, Government/Defense ID card, Card of Reputed employer, Driving License, Passport in lieu of PAN.
- Proof of address copy. It is clarified that where photo identification documents contain the address of the investor, a separate proof of address is not required.
- Supporting documents copy shall be self attested by the investor/attested 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:

- Proof of address of Sikkim state and application form should mention the same address.
- 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.

- Investor agrees and acknowledges that the Trustees/AMC may, on receiving a request/order(including interim orders)/direction from any competent, administrative, legislative or judiciary or quasi judicial authorities (including but not limited to RBI, SEBI, FIU or AMFI) (“Relevant Authorities”) freeze and/or seize the Investor’s account and/or redeem the units at the applicable NAV and pay the proceeds of the redemption of the Investor’s investments to such Relevant Authorities or such other person as may be directed by the Relevant Authority and take any other action as may be required without being responsible or liable in any manner whatsoever, for any losses (including financial or tax or otherwise), damages, expenses, claims or otherwise.
- Investor further agrees and acknowledges that the Trustees/AMC may, at any time, at their sole discretion, share the Investor’s details with any Relevant Authorities (including such other person as may be directed by the Relevant Authorities) and/or with any Prudential Group entities and/or with such other person / entity for the purpose of ensuring identification and verification of the Investor/Unitholder and/or ensuring compliance with the Applicable Laws, as the case may be.
- Investor agrees and acknowledges that the Trustees/AMC, in order to comply with any law for the time being in force in India or any law which is applicable to the Sponsor of the Fund, will check appropriate identification and verification of the Investor(s), including verifying the Investor’s details with the sanction lists/screening lists or such other lists as may be prescribed under any laws applicable to AMC/Trustees/Sponsor.
- 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 Rs. 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)
- 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[#] 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 Rs. 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

• Change in the Bank Mandate:-

- Updation of bank accounts in a customer's account/folio should be either through Multiple Bank Account Registration Form or a standalone separate Change of Bank Mandate form.
- In case of standalone change of bank details, Mutual Funds shall collect the supporting documents towards the proof of new bank details as given below. Based on AMC's internal risk assessment, the AMC may also consider collecting proof of old bank account and proof of identity of the clients, while effecting a change of bank account.
- Investors are required to submit any one of the following documents in Original or produce originals for verification or copy attested by the Bank:-
 - Cancelled original cheque of the new bank mandate with first unit holder name and bank account number printed on the face of the cheque; OR
 - Self attested copy of bank statement; OR
 - Bank passbook with current entries not older than 3 months; OR
 - Bank Letter duly signed by branch manager/authorized personnel
- Investors are advised to register multiple bank accounts and choose any of the existing registered bank accounts towards receipt of redemption proceeds.
- Any unregistered bank account or a new bank account forming part of redemption request will not be entertained or processed.
- Investors, who have not provided the bank details at the time of making investment, are required to submit proof of new bank details as specified above. Such Investors are also required to submit valid Proof of Identity as prescribed under KYC guidelines along with Proof of Investment;
- Any change of Bank Mandate request received/processed few days prior to submission of redemption request or on the same day as a standalone change request, the AMC will continue to follow cooling period of 10 calendar days for validation of the same.

• Change of Address:-

- **KYC Not Complied Folios/Clients:** In case of change of address for KYC Not Complied Folios, the investor need to submit the following supporting documents:
 - Proof of new Address (POA), and
 - Proof of Identity (POI): Only PAN card copy if PAN is updated in the folio, or PAN/other proof of identity if PAN is not updated in the folio.

- Based on the AMC internal risk assessment, the AMC may also consider collecting proof of old address, while effecting a change of address.
- **KYC Complied Folios/Clients:** In case of change of address for KYC Complied Folios, the investor needs to submit the following supporting documents:
 - Proof of new Address (POA),
 - Any other document/form that the KRA may specify from time to time.

Copies of all the documents submitted by the applicants/clients should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested / verified by entities authorized for attesting/verification of the documents as per extant KYC guidelines.

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.

4. 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

5. 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: -

A. Valuation Norms for Equity and Equity Related Instruments

1. **Traded Security:** - All actively traded equity instruments be valued at the closing price on the principal stock exchange (NSE) on Valuation day (i.e. T day). If the price is not available on a particular valuation day then the Secondary Stock Exchange (BSE) price on T day will be considered for valuation. If BSE prices are also not available, then NSE price of T-1 & in that order up to T-30 will be considered.
2. **Non Traded security or thinly traded security:** - If the equity instrument is not traded up to T-30 days or is thinly traded (trade value in a calendar month is less than Rs. 5 lakhs and total volume is less than 50,000 shares) then the valuation will be in good faith on the basis of net worth per share and earnings capitalization, as prescribed by SEBI
3. **Demerger:**-In case of demerger, there are three possibilities namely, (a) both companies' shares are traded (b) One of the companies' shares are traded (c) both companies' shares are not traded.
 - If both companies' shares are traded, then market price for both will be considered for valuation.
 - If one of the company's shares is traded, then the traded company's shares will be valued at traded price. For non-traded shares, market value to be derived based on Market value of the original traded shares on one trading day prior to the ex-date of demerger minus market value of demerged traded shares on ex-date. This price for the non-traded share will be constant till listing of the non-traded shares. In case value of the traded share of the demerged company is equal or in excess of the value of pre demerger share, then the non-traded share is to be valued at zero.
 - If both these companies shares are non traded, then the shares of both the demerged companies are to be valued equal to the pre demerger value (one trading day prior to the ex-date) up to the date of listing. The market value of the shares will be bifurcated in the ratio of cost of shares as may be obtained by prescribed demerger ratio.
4. **Rights Valuation:** - The Rights entitlement will be valued as on ex-date. The rights entitlement will be booked at issue price and valued at market price. When Rights shares have been applied for quantity less than or equal to the Rights entitlement, then the value of such shares applied will be equal to the current ex-Price of the share. In case where the additional quantities have been applied on Rights, the additional quantities will be booked as application money and will be held at cost till allotment when the allotted quantity will be accounted for in the original share and valued as per the valuation policy of the original share. In case of the Rights on non-traded shares, Value of Rights will be zero. For traded Rights entitlements, the traded prices will be considered for valuation
5. **Preference Shares:** - If preference shares are listed, the same will be valued at traded price. Non

convertible preference shares will be valued as per corporate debt valuation. However if the company has not paid dividend for one year it would be treated like a non-performing debenture.

6. Convertible Debentures:-

- A convertible debenture will be split into convertible and non convertible components. The convertible component will be valued at proportionate price of the converted share (if the ratio of conversion is not 1:1) reduced by the conversion price (face value of the convertible component) and further reduced by appropriate illiquidity discount. The non convertible component will be valued at corporate debt valuation guidelines.
- In case of optionally convertible debentures, two valuations will be considered - one of exercising the option and one of not exercising the option. If the option rests with the issuer, lower of the two values will be taken and if the option rests with the investor, the higher of the two will be taken.

7. Warrants: - Traded warrants will be valued at market price. Non traded warrants will be valued as under:

- If exercise price is less than market price of the share, then the warrant will be valued at the discounted value of the share less exercise price. Discount value will be decided on a case to case basis by the valuation committee.
- If the exercise price is greater than market price of the share, the warrant will be valued at zero.

8. Futures and Options: - Futures and options will be valued at the daily closing price

9. American Depository Receipt /Global Depository Receipt (ADR/GDR):- ADR and GDR will be valued based on last traded price on the exchange where the issue is listed.

10. Unlisted Equity Shares: - Unlisted equity shares will be valued in good faith on the basis of net worth per share and earnings capitalization, as prescribed by SEBI.

11. Guidelines for Equity Inter-scheme Transfers: - All transfers would be effected at the prevailing spot market price of the security at the time of transfer and in accordance with the SEBI (Mutual Funds) Regulations, 1996.

B. Valuation Norms for Debt and Money Market Instruments

1. Valuation of money market and debt securities with residual maturity of upto 91 days (up to 60 days from September 30, 2012):-

Category	Valuation Guidelines
Money market and debt securities, including floating rate securities traded on a particular valuation day	Weighted average yield (at which they are traded on the particular valuation day, if there are at least three trades aggregating to Rs. 100 Crores or more. (This qualifying criterion is to be observed at the exchange/platform level.)

<p>With effect from 01 July 2012 (Same securities)</p>	<p><u>For valuation (Corporate Bonds, Commercial Papers, Certificate of Deposits)</u></p> <ol style="list-style-type: none"> 1. Weighted Average Traded yield reported on F-Trac (FIMMDA); 2. If the same are not available on F-Trac (FIMMDA), then Weighted Average Traded yield on NSE-WDM; 3. If not available on F-Trac (FIMMDA) & NSE-WDM, then Weighted Average Traded yield on BSE. <p>In cases of self trades (Self trade mean trades done by the schemes of Pramerica Mutual Fund), only a trade of a market lot or more will be considered for valuation. In case there are both qualifying market trades and self trades, the market trades will be given a higher priority. For this purpose market lot means INR 5 Crores.</p> <p><u>For valuation of Government Securities:-</u></p> <ol style="list-style-type: none"> 1. the aggregated prices received from CRISIL and other rating agencies; 2. if the same is not available from CRISIL and other rating agencies, then NDS-OM weighted average yield to be considered; 3. if the same are not available from CRISIL and other rating agencies or NDS-OM, then NSE-WDM will be considered. <p><u>For valuation of TBILLS:-</u></p> <ol style="list-style-type: none"> 1. Weighted Average yield traded on NSE-WDM; 2. If the same are not available on NSE-WDM, then Weighted Average Traded yield on NDS-OM. <p>Note: Weighted Average Yield to be considered for all trades (T+0 and T+1) reported on the public platform based on the qualifying trade criteria's and applicable to all securities including G-Sec (wherever applicable) and T Bill.</p> <p>The closing price for each security will be derived from the CRISIL Bond Valuer (in case of G-Sec and T Bill, the price will be derived using proprietary methods) after appropriate mark up or down applied to match the Weighted Average Yield which is reported on the public platform as mentioned above.</p>
<p>When above securities are not traded on a particular valuation day</p> <p>With effect from 01 July</p>	<p><u>Money market and debt securities (including floating rate securities) (other than TBills and Government Securities):-</u></p> <ol style="list-style-type: none"> a) Assets to be amortized on straight line amortization from the last traded price (own trade)/ purchase price,

2012 (Same securities)	<p>whichever is more recent, as long as the valuation remains within +/-0.10% band of the reference price;</p> <p>The reference price is derived from the reference benchmark yield curve provided by CRISIL or any other agency at periodic intervals. For every acquisition of securities, the spread between the yield of the security and the reference benchmark yield curve is captured. This spread would be kept constant unless there is a trade. The price of the security on the yield curve after considering the above spread is then compared with the amortised price of the security so as to be within +/- 0.10% of the reference price.</p> <p>b) In case the variance exceeds +/-0.10%, the valuation shall be adjusted to bring it within the +/-0.10% band.</p> <p>In case of any subsequent trades in the same security, the valuation shall be based on the most recent trade as long as the trade is of market lot. The security such valued would be amortized to maturity with such amortized prices to be within +/-0.10% of the reference price as above. [The valuation method stated above is subject to the AMFI approved rating agencies providing the benchmark yield and carrying out necessary system upgrades. Till such time these securities shall be valued at straight line amortization basis.]</p> <p><u>For valuation of Government Securities:</u> - The aggregated prices received from CRISIL and other rating agencies.</p> <p><u>For valuation of TBILLs:</u> - Valuation at the straight line amortisation method.</p>
Floating rate securities with floor and caps on coupon rate.	Amortization basis taking the coupon rate as floor.

2. Valuation of money market and debt securities with residual maturity of greater than 91 days (greater than 60 days from September 30, 2012):-

Category	Valuation Guidelines
<p>Money market and debt securities, including floating rate securities traded on a particular valuation day</p> <p>With effect from 01 July 2012 (Same securities)</p>	<p>Weighted average yield at which they are traded on the particular valuation day, subject to the following:-</p> <ul style="list-style-type: none"> For instruments maturing above 1 year, the traded yield may be taken if there are at least two trades aggregating to Rs. 25 Crores or more. For instruments maturing between 92 days (60 days from September 30, 2012) and 1 year, the traded yield may be taken if there are at least three trades aggregating to Rs. 100 Crores or more.

	<p>These qualifying criteria are to be observed at the exchange/platform level.</p> <p><u>For valuation (Corporate Bonds, Commercial Papers, Certificate of Deposits):-</u></p> <ol style="list-style-type: none"> 1. Weighted Average Traded yield reported on F-Trac (FIMMDA); 2. If the same are not available on F-Trac (FIMMDA), then Weighted Average Traded yield on NSE-WDM; 3. If not available on F-Trac (FIMMDA) & NSE-WDM, then Weighted Average Traded yield on BSE. <p>In cases of self trades, only a trade of a market lot or more will be considered for valuation. In case there are both qualifying market trades and self trades, the market trades will be considered for valuation. For this purpose market lot means INR 5 Crores.</p> <p><u>For valuation of Government Securities:-</u></p> <ol style="list-style-type: none"> 1. The aggregated prices received from CRISIL and other rating agencies; 2. If the same are not available from CRISIL and other rating agencies, then weighted average traded yield on NDS-OM; 3. if the same are not available from CRISIL and other rating agencies or NDS-OM, then NSE-WDM will be considered <p><u>For valuation of TBILLS:-</u></p> <ol style="list-style-type: none"> 1. Weighted average yield traded on NSE-WDM; 2. If the same are not available on NSE-WDM, then weighted average traded yield on NDS-OM. <p>Note: Weighted Average Yield to be considered for all trades (T+0 and T+1) reported on the public platform based on the qualifying trade criteria's and applicable to all securities including G-Sec (wherever applicable) and T Bill.</p> <p>The closing price for each security will be derived from the CRISIL Bond Valuer (in case of G-Sec and T Bill, the price will be derived using proprietary methods) after appropriate mark up or down applied to match the Weighted Average Yield which is reported on the public platform as mentioned above.</p>
When above securities are	For Valuation of all securities other than TBill and

<p>not traded on a particular valuation day</p> <p>With effect from 01 July 2012 (Same securities)</p>	<p><u>Government Securities :-</u></p> <p>At benchmark yield/ matrix of spread over risk free benchmark yield obtained from agency(ies) entrusted for the said purpose by AMFI. However, in the interest of fair reflection of market levels, there would be no restriction on the allowed spread relative to the benchmark curve (i.e. discretionary mark up or mark down) in respect of different issuers & instruments.</p> <p>The reason for discretionary mark up or down shall be documented by the fund manager and the CEO shall give prior approval to the use of discretionary mark up or down limit.</p> <p><u>For valuation of Government Securities:</u> - The aggregated prices received from CRISIL and Other Rating agencies.</p> <p><u>For valuation of TBILLS:</u> valuation at the straight line amortisation method.</p>
<p>Floating rate securities with floor and caps on coupon rate.</p>	<p>Amortization basis taking the coupon rate as floor.</p>

3. REPO instruments: - 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.
4. Reverse repo: - In the case of reverse repo, the valuation will be done on the basis of cost adjusted by the accrued interest based on the cost and sell back price.
5. Collateralized Borrowing and Lending Operations (CBLO):- CBLO trades will be valued at cost plus interest accrual after netting off CCIL charges
6. Interest Rate Swaps: -

If the tenure of the IRS is less than 91 days: Interest rate swaps having maturity up to 91 days will be valued at amortised cost or accrued interest depending on the fixed/floating leg owned by the fund.

If the tenure is more than 91 days: Value of IRS contract would be present value of the difference between the fixed and floating interest to be received/paid on maturity of the contract. Floating rate interest till maturity is the interest accrued till the valuation date plus the interest on remaining period at reversal rate. Reversal rate for the day would be obtained from Crisil for different maturities. The relevant rate is taken on the basis of maturity of the contract. However, if the maturity date falls between the two years, the reversal rate is arrived by interpolation on valuation date.

7. Fixed Deposits – Fixed deposits will be valued at cost plus accrual at the contracted rate. Fixed contracted rate FDs interest would be accrued at the contracted rate less any prepayment penalty.
8. Valuation of securities with Put/Call Options: - The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.
9. Bills of Exchange/Promissory Notes/Bills Rediscounting:- These instruments would be valued at cost plus interest accrued.
10. Guidelines for Fixed Income inter-scheme transfers:
 - In respect of regularly traded government bonds the inter-scheme transfers will be effected at the average rate of the bid / ask prices mentioned.
 - In respect of government bonds which are not regularly traded, more than one quote from a market intermediary giving the indicative current market price for the security will be obtained and the transfers will be effected at that price.
 - In respect of other debt securities (CPs, CDs, NCDs etc.), the inter scheme trades would be effected at the Weighted Average Price reported on F-Trac (FIMMDA) at the time of the inter scheme trade, subject to the following criteria:-
 - For instruments maturing above 1 year, the traded price may be taken if there are at least two trades aggregating to Rs. 25 Crores or more.
 - For instruments maturing 1 year and below, the traded price may be taken if there are at least three trades aggregating to Rs. 100 Crores or more

If there are no qualifying trades available on F-Trac (FIMMDA) and if there are self trades of market lot or more, then the self traded price will be considered for valuation and in case both are not available then the security will be valued at previous day's closing price.

C. Valuation Norms for Other Instruments

1. Units 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.
2. Foreign Securities:-
 - 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.
 - 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.

- 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.
- 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.

D. Deviation:-

Any deviation to the norms stated above shall be with the prior approval of the Valuation Committee. All such deviations shall be reported to the Board of AMC and Trustees. All such deviations will be communicated to the unit holders vide suitable disclosures on the fund's website.

E. Exceptional Events:-

In normal situations the norms stated above may be used for valuation. However, in abnormal market conditions, due to lack of market trading or otherwise it may not be possible to obtain fair valuation using "normal" means. In such situations, the realizable value may be substantially different from the benchmark-based prices obtained. This could lead to, for example, an overvalued portfolio which could be used by some investors to redeem their holdings having an adverse impact on residual investors.

Following are the illustrative types of events which could be classified as exceptional events where current market information may not be available / sufficient for valuation of securities:-

- a. Major policy announcements by the Reserve Bank of India, the Government or the Regulator;
- b. Natural disasters or public disturbances that force the markets to close unexpectedly;
- c. Absence of trading in a specific security or similar securities;
- d. Significant volatility in the capital markets.

In this event of an exceptional event, the Valuation Committee shall seek the guidance of the AMC board in deciding the appropriate methodology for valuation of affected securities. Deviations from the valuation policy and principles, if any, will be communicated to the unit holders vide suitable disclosures on the fund's website.

6. TAX, LEGAL & GENERAL INFORMATION

A. TAXATION ON INVESTING IN MUTUAL FUNDS

Prospective Unit holders should inform themselves of and take their own advice on the taxes applicable to the subscription, holding and redemption of units, and any distribution (each, a "Relevant Event") under the laws of the place of their operations, domicile, residence, citizenship and/or incorporation. Neither the Fund nor any of the parties listed in the Sections I of this Statement of Additional Information gives or makes any warranty and/or representation as to the tax consequences in relation to any Relevant Event (or combination of Relevant Events), takes any responsibility for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and each of the Fund and such parties expressly disclaims any liability whatsoever for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and/or for any loss howsoever arising (whether directly or indirectly) from any Relevant Event (or combination of Relevant Events). Dividends, interest income, gains on the disposal of investments and other income received by the Fund on its investments in some jurisdictions may be liable to the imposition of income tax, irrecoverable withholding tax or other tax.

The information set out below outlines the tax implications on the Unit holders and the Fund and is based on the relevant provisions of the Indian Income-tax Act, 1961 ('Act') and the Wealth-tax Act, 1957 ('WT Act') (collectively known as the relevant provisions) and prevailing as on 11 June 2013. The relevant provisions are subject to changes in content and interpretation. They are intended as a general guide only and do not necessarily describe the tax consequences for all types of investors in the Fund and no reliance, therefore, should be placed upon them.

Income-tax

The income-tax rates indicated below are as per the Finance Act, 2013.

A. FOR UNIT HOLDERS

(i) Securities Transaction Tax ('STT')

At the time of sale of units of an equity oriented fund⁴ to the Mutual Fund (i.e. redemption / repurchase of units by the Fund), the Unit holder is required to pay a STT of 0.001⁵ per cent on the value of the transfer, which will be collected by the Mutual Fund and deposited into Government treasury. Where such units are purchased or sold on a recognised stock exchange in India, Unit holders would be required to pay STT at the rates mentioned in Table E below.

STT is not applicable to sale of units of funds which do not qualify as 'equity oriented funds'.

(ii) Tax on Capital Gains

On units of Equity Oriented Funds:

Long-term Capital Gains

⁴ An 'equity oriented fund' has been defined as a scheme of a Mutual Fund where the investible funds are invested in equity shares of domestic companies to the extent of more than 65 per cent of the total proceeds of such fund. The percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures. Accordingly, the schemes other than equity oriented fund would be construed as 'non-equity oriented fund'.

⁵ With effect from June 1, 2013 (0.25% till May 31, 2013)

Under section 2(29A) of the Income-tax Act, 1961 ('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. 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.

As per section 10(38) of the Act, long-term capital gains arising from the sale of a unit of an equity oriented fund is exempt from tax where such sale is chargeable to STT. However, in respect of corporate Unit holders, such income would not be excluded from book profits while calculating profits chargeable to Minimum Alternate Tax ('MAT') [please refer to para (xiii) below].

Short-term Capital Gains

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.

As per section 111A of the Act, short-term capital gains arising from the transfer of a unit of an equity oriented fund, where such transaction is chargeable to STT, is taxable at the rate of 15 per cent.

The said tax rate would be increased by a surcharge of:

- a) 10 per cent - in case of individual/ Hindu undivided family (HUF)/ Association of persons (AOP)/ Body of Individuals (BOI), firm/ limited liability partnership, local authority and co-operative societies, where the total income exceeds Rs 10,000,000.
- b) 5 per cent - in case of domestic corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- c) 10 per cent - in case of domestic corporate Unit holders, where the total income exceeds Rs 100,000,000.
- d) 2 per cent - in case of foreign corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- e) 5 per cent - in case of foreign corporate Unit holders, where the total income exceeds Rs 100,000,000.

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

However, in case of resident individuals and HUFs, where the total income as reduced by the short-term capital gains, is below the basic exemption limit (Rs 500,000 in case of resident individuals of age 80 years or more, Rs 250,000 in case of resident individuals of age 60 years or more but less than 80 years, and Rs 200,000 in case of resident in India below 60 years of age), the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to tax at the rate of 15 per cent (plus applicable surcharge and education cess, as mentioned above).

For the purpose of computing the eligible deduction under section 80C of the Act, the total income of the assessee shall be reduced by the income earned in the nature of short-term capital gains.

Further, a tax rebate up to Rs 2,000 per annum would be available for resident individuals with total income of Rs 500,000 per annum.

In case of non-resident Unit holders eligible for availing tax treaty benefits, please refer to para (viii) below.

On units of funds other than Equity Oriented Funds:

Long-term Capital Gains

Long-term capital gains arising from the sale of listed units will be chargeable to tax at the rate of 20 per cent, as per the provisions of section 112 of the Act.

However, the maximum tax payable on long-term capital gains on listed units is restricted to 10 per cent of capital gains calculated without indexation to the cost of acquisition.

In the case of Foreign Institutional Investors (FIIs) and specified overseas financial organizations, such long-term capital gains are chargeable to tax at the rate of 10 per cent without the benefit of indexation. Long-term capital gains arising to a non-resident Unit holder from transfer of unlisted units would be taxable at the rate of 10 per cent. Further, the capital gain is to be computed without giving effect to foreign exchange rate fluctuation or indexation.

In case of resident individuals and HUF, where the total income as reduced by the long-term capital gains, is below the basic exemption limit (Rs 500,000 in case of resident individuals of age 80 years or more, Rs 250,000 in case of resident individuals of age 60 years or more but less than 80 years, and Rs 200,000 in case of resident in India below 60 years of age), the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to the 20 per cent tax or the 10 per cent tax as the case may be.

The aforementioned tax rates would be increased by a surcharge of:

- a) 10 per cent - in case of individual/ HUF/ AOP/ BOI, firm/ limited liability partnership, local authority and co-operative societies, where the total income exceeds Rs 10,000,000.
- b) 5 per cent - in case of domestic corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- c) 10 per cent - in case of domestic corporate Unit holders, where the total income exceeds Rs 100,000,000.
- d) 2 per cent - in case of foreign corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- e) 5 per cent - in case of foreign corporate Unit holders, where the total income exceeds Rs 100,000,000.

An additional surcharge of 3 per cent by way of education cess would be charged on amount of tax inclusive of the applicable surcharge for all Unit Holders.

For the purpose of computing the eligible deduction under section 80C of the Act, the total income of the assessee shall be reduced by the income earned in the nature of long-term capital gains.

Further, a tax rebate up to Rs 2,000 per annum would be available for resident individuals with total income of Rs 500,000 per annum.

In case of non-resident Unit Holders eligible for availing tax treaty benefits, please refer to paragraph (viii) below.

Short-term Capital Gains

Short-term capital gains earned on the transfer of units of funds other than equity oriented funds is added to the total income of the assessee and taxed at the following tax rates:

Table A

Individual / HUF*	Where total income for a tax year (April to March) is less than or equal to Rs 200,000* (the basic exemption limit)	Nil
	Where such total income is more than Rs 200,000* but is less than or equal to Rs 500,000	10 per cent of the amount by which the total income exceeds Rs 200,000*
	Where such total income is more than Rs 500,000* but is less than or equal to Rs 1,000,000	Rs 30,000 plus 20 per cent of the amount by which the total income exceeds Rs 500,000*
	Where such total income is more than Rs 1,000,000	Rs 130,000 plus 30 per cent of the amount by which the total income exceeds Rs 1,000,000
Co-operative society	Where total income for a tax year (April to March) is less than or equal to Rs 10,000	10 per cent of the total income
	Where such total income is more than Rs 10,000 but is less than or equal to Rs 20,000	Rs 1,000 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
Domestic Partnership/LLP/Overseas Organisations Corporate/ firm/ authority/ Specified Financial	30 per cent	
AOP/ BOI	30 per cent or such higher rate of tax applicable to the individual members of the AOP / BOI	
Foreign Corporates	40 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 taxable 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 1,000,000 will be taxable at the rate of 20 per cent.

The aforementioned tax rates would be increased by a surcharge of:

- a) 10 per cent - in case of individual/ HUF/ AOP/ BOI, firm/ limited liability partnership, local authority and co-operative societies, where the total income exceeds Rs 10,000,000.
- b) 5 per cent - in case of domestic corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- c) 10 per cent - in case of domestic corporate Unit holders, where the total income exceeds Rs 100,000,000.
- d) 2 per cent - in case of foreign corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- e) 5 per cent - in case of foreign corporate Unit holders, where the total income exceeds Rs 100,000,000.

An additional surcharge of 3 per cent by way of education cess would be charged on amount of tax inclusive of the applicable surcharge for all Unit holders.

Further, a tax rebate up to Rs 2,000 per annum would be available for resident individuals with total income of Rs 500,000 per annum.

In case of non-resident Unit holders eligible for availing tax treaty benefits, please refer to para (viii) below.

(iii) Tax on business income

Under section 28 of the Act, profit arising on transfer of units of a mutual fund which are held as stock in trade or trading asset, is taxed under the head 'Profits and gains of business or profession'. Such profit is added to the total income of the assessee and taxed at applicable rates.

In case of non-resident Unit holders eligible for availing tax treaty benefits, please refer to paragraph (viii) below.

(iv) Deduction from business income

No deduction would be allowed for STT while calculating capital gains. However, where the units are treated as stock in trade and the profits arising from the sale of units are taxed under the head 'Profits and gains of business or profession', the STT paid by the Unit holder can be claimed as a deduction from such business profits.

(v) Tax on income from other sources

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' at the rates mentioned in Table A above:

Table B

	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 methods 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.

(vi) Deduction from total income

In terms of the provisions of section 80C of the 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.

(vii) Tax Deduction at Source

Table C

Particulars		TDS Rates under the Act		
		Residents	FII's	NRIs / Other foreign entities (excluding FII's)
Short-term capital gains	Non-equity oriented fund	NIL	NIL	30 per cent for foreign non-corporates 40 per cent for foreign corporate entities
	Equity oriented Fund	NIL	NIL	15 per cent
Long-term capital gains	Non-equity oriented fund	NIL	NIL	10 per cent for specified overseas financial organisations 10 per cent/ 20 per cent for others
	Equity oriented Fund	NIL	NIL	NIL
Business income	Non-equity and equity oriented	NIL	30/ 40 per cent	30/ 40 per cent for foreign non-corporates

	mutual fund		for non-corporate FIIs	40 per cent for foreign corporate entities
			40 per cent for corporate FIIs	

The aforementioned tax rates would be increased by a surcharge of:

- a) 10 per cent - in case of individual/ HUF/ AOP/ BOI, firm/ limited liability partnership, local authority and co-operative societies, 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 but does not exceed Rs 100,000,000.
- c) 5 per cent - in case of foreign corporate Unit holders, where the total income exceeds Rs 100,000,000.

An additional surcharge of 3 per cent by way of education cess would be charged on amount of tax inclusive of the applicable surcharge for all Unit holders.

In case of non-resident Unit holders eligible for availing tax treaty benefits, please refer to paragraph (viii) below.

(viii) Tax treaty

In the case of a non-resident Unit Holder who is resident of a country with which India has signed a Double Taxation Avoidance Agreement (DTAA), which is in force, income-tax is payable at the rate provided in the Act or at the rate provided in the such agreement, 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.

Section 90(4) of the IT Act, as amended by the Finance Act, 2013 (effective from April 1, 2012) provides that a taxpayer, not being a resident, to whom a DTAA applies, shall not be entitled to claim any relief under such DTAA unless a certificate of it being a resident in any country outside India is obtained by it from the Government of that country.

Further, section 90(5), as introduced by the Finance Act, 2013 (and effective from April 1, 2012), provides that the assessee referred to in section 90(4) of the Act, shall also provide such other documents and information, as may be prescribed. As on the date of this Statement of Additional Information, such other documents and information have not been prescribed.

Section 195(7) of the Act (effective from July 1, 2012) provides that the CBDT may specify a class of persons or cases, where a person responsible for making any payment to a non-resident (other than a company) or a foreign company, shall make an application to the Assessing Officer to determine the appropriate proportion of sum chargeable to tax and upon such determination, tax shall be deducted under section 195(1) of the Act on such chargeable proportion. However, CBDT has not specified any class of persons or cases as on the date.

(ix) Tax on Income distributed by the Mutual Fund

Under the provisions of section 10(35) of the Act, income received in respect of units of a mutual fund specified under section 10(23D) of the Act will be exempt from income tax in the hands of all unit holders.

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

Dividend stripping

Under the provisions of section 94(7) of the Act, where a person buys any units within a period of three months before the record date, sells such units within nine months after such date and the income distributed on such units is exempt from tax, the loss on such sale to the extent of the income distributed on units shall be ignored while computing the income chargeable to tax.

Bonus stripping

Under the provisions of section 94(8) of the Act, where a person buys units (original units) within a period of three months before the record date, receives bonus units on such original units, and then sells (all or part of) the original units within a period of nine months from the record date and continues to hold the bonus units, then the loss incurred on the original units shall be ignored while computing the income chargeable to tax but shall be deemed to be the cost of acquisition of the bonus units.

(x) Switching between options

Switching from one option to another option of a Scheme will be effected by way of redemption of units of the relevant option and reinvestment of the redemption proceeds in the other option selected by the Unit holder. Hence switching will attract the same implications as applicable on transfer of such units.

(xi) 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 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 the provisions of Sec 54F of the 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. If part of such net consideration is invested within the prescribed period in a residential house, then proportionate exemption is available.

(xii) Set-off and carry forward of losses

According to the provisions of the Act, the capital loss resulting from sale of units would be available for set off against other capital gains made by the investor and would reduce the tax liability of the investor to that extent. However, losses on transfer of units held as long-term capital assets would be allowed to be set-off only against gains from transfer of long-term capital assets. Where such losses arising from sale 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. However, when the long-term gains arising on transfer of units are not subject to tax then the long-term losses from such units should not be allowed to be set-off or carried forward.

Under the Act, a loss resulting from the transfer of units held as stock in trade or trading asset would be available for set off against income under any other head other than income under the head 'Salaries'. Where such loss cannot be wholly set-off in accordance with the provisions of the Act, the amount remaining to be set-off can be carried forward for a period of eight years and set-off against income under the head 'Profits and gains of business or profession'.

(xiii) Minimum Alternate Tax

Section 115JB of the Act provides that a company is subject to provisions of Minimum Alternative Tax. Where the tax payable as per the regular provisions of the Act is less than 18.5 per cent of the book profits computed under the said provisions, tax shall be payable at the rate of 18.5 per cent (of the book profit) plus applicable surcharge and education cess.

Under the Act, long-term capital gains arising on sale of units of an equity oriented fund and exempt under the provisions of section 10(38) of the Act, would not be excluded from the book profits while calculating profits chargeable to minimum alternate tax.

B. Tax Implications for the Mutual Fund:

Pramerica Mutual Fund is a Mutual Fund registered with the Securities and Exchange Board of India and its entire income is exempt from tax under the provisions of section 10(23D) of the Act. The Mutual Fund will receive all Indian sourced income without any deduction of tax at source under the provisions of section 196(iv) of the Act.

Where the Fund receives any income from investments made in overseas jurisdictions, the same may be subject to withholding tax (or any other tax) in the relevant jurisdiction from which the income is received. As the Fund is exempted from its entire income (including foreign income) in India, credit/refund in respect of such foreign taxes withheld/ paid by the fund will not be available.

Income distribution, if any, made by a Mutual Fund, will attract distribution tax under section 115R of the Act at the rates listed below:

Table D

Income distribution, if any, made by a Mutual Fund (excluding Equity Oriented Mutual Fund Schemes), will attract distribution tax under section 115R of the Act at the rates listed below up to May 31, 2013:

Sr No	Type of Mutual Fund	Income distributed to	Rate of distribution tax
(ii)	Money market mutual fund or Liquid mutual fund	Individual or HUF	25 per cent
		Any person other than Individual or HUF	30 per cent

(iii)	Mutual fund other than money market mutual fund or Liquid mutual fund	Individual or HUF	12.5 per cent
		Any person other than Individual or HUF	30 per cent

The aforementioned rates would be increased by a surcharge of 10% and an additional surcharge by way of education cess at the rate of 3% on the amount of distribution tax inclusive of surcharge.

Income distribution, if any, made by all Mutual Funds (excluding Equity Oriented Mutual Fund Schemes), will attract distribution tax under section 115R of the Act at the rates listed below on or after 1 June 2013:

Sr No	Type of Mutual Fund	Income distributed to	Rate of distribution tax
(ii)	Other than infrastructure debt fund	Individual or HUF	25 per cent
		Any person other than Individual or HUF	30 per cent
(iii)	Infrastructure debt fund	Individual or HUF	5 per cent
		Any person other than Individual or HUF	5 per cent

The aforementioned rates would be increased by a surcharge of 10% and an additional surcharge by way of education cess at the rate of 3% on the amount of distribution tax inclusive of surcharge.

For this purpose, a 'Money market mutual fund' has been defined to mean a money market mutual fund as defined in sub-clause (p) of clause 2 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. Further, a 'Liquid fund' has been defined to mean a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder.

Under the Act, as and when the Mutual Fund purchases and sells equity shares/ units/ derivatives, it would be required to pay the STT applicable on such purchases/ sales to the concerned Recognised Stock Exchange. The rates of STT have been listed below.

Table E

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates applicable up to May 31, 2013 (%)	Rates applicable from June 1, 2013 (%)
Delivery based purchase transaction in units of equity oriented fund entered into in a recognized stock exchange	Purchaser	Value at which units are bought	0.1	Nil
Delivery based sale transaction in equity shares entered in a recognized stock exchange	Seller	Value at which shares are sold	0.1	0.1
Delivery based sale transaction in units of equity oriented fund	Seller	Value at which units are sold	0.1	0.001

entered into in a recognized stock exchange				
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	0.025
Transaction for sale of futures in securities	Seller	Value at which futures are traded	0.017	0.01
Transaction for sale of an option in securities	Seller	The option premium	0.017	0.017
Transaction for sale of an option in securities, where the option is exercised	Purchaser	The settlement price	0.125	0.125
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.25	0.001
Sale of unlisted equity shares by any holder of such shares under an offer for sale to the public included in an IPO and where such shares are subsequently listed on a recognised stock exchange	Seller	Value at which shares are sold	0.2	0.2

C. Other Considerations:

- (i) **Wealth-tax:** Units of a scheme of a Mutual Fund are not treated as assets as defined under section 2(ea) of the WT Act and thereof would not be liable to wealth-tax.
- (ii) **Gift-tax:** The Gift-tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gifts of units purchased in a scheme of the Mutual Fund would therefore, be exempt from gift-tax.
- (iii) Investments in Units of the Mutual Fund will rank as an eligible form of investment under section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for religious and charitable trusts.

EACH INVESTOR IS ADVISED TO CONSULT HIS OR HER OWN TAX CONSULTANT WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEME.

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:**
 - i. Resident Indian individuals
 - ii. minors through parent/legal guardian
 - iii. Non-Resident Indian individuals, subject to the exchange controls in force from time to time.
 - iv. religious and charitable trusts and
 - v. 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 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. KYC Requirements and Requirements of Prevention of Money Laundering Act

Please refer Section 3. 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.pramericamf.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 (Mutual Funds) Regulations, 1996 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 (Mutual Funds) Regulations, 1996 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, 2nd 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 customercare@pramericamf.com or post their grievances/ feedback/ suggestions on the Mutual Fund's website at 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. Sukesh Shetty 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: customercare@pramericamf.com or by Fax to +91 22 6159 3100. He can be contacted at telephone number: +91 22 6159 3000.

The number of investors complaints received and redressed since inception is as under:-

Period	Number of Complaints		
	Received	Redressed	Pending
August 27, 2010 till March 31, 2011	658	658	NIL
April 01, 2011 till March 31, 2012	471	471	NIL
April 01, 2012 till March 31, 2013	118	118	NIL
April 01, 2013 till August 31, 2013	10	10	NIL

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.

[END OF THE DOCUMENT]