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MUTUAL FUND

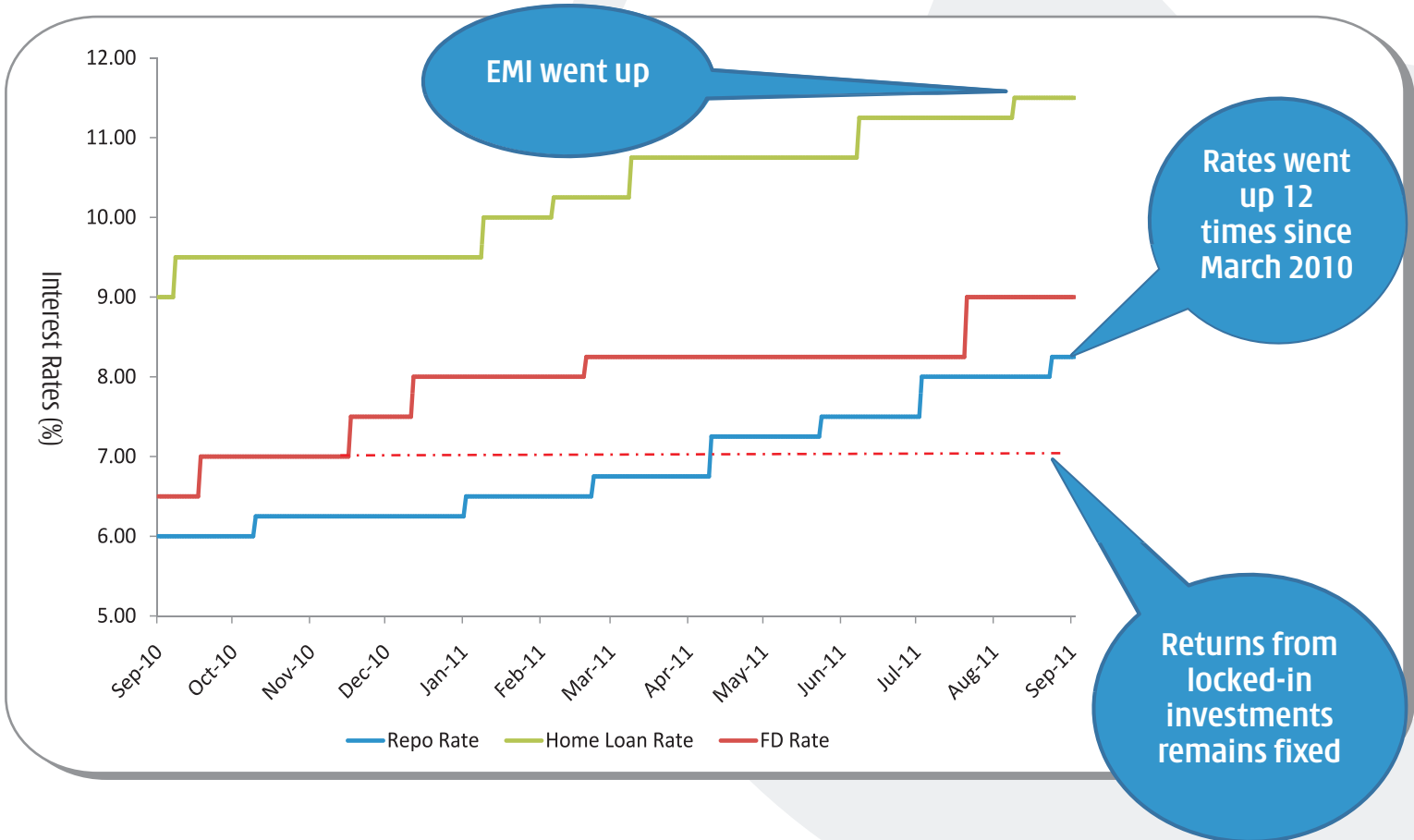
Pramerica Credit Opportunities Fund

(An open ended debt scheme)

New Fund Offer Opens on : 7th October 2011

New Fund Offer Closes on: 21st October 2011

Life in Rising Interest Rate Scenario!



Life in a FD/FMP

- ❑ **FD / FMPs do not adjust to rising interest rates**
 - ❑ FD/FMPs launched 18 months back missed out on all the rate hikes
 - ❑ Once invested, money earns the same rate until maturity
- ❑ **FD and FMPs have re-investment risk**
 - ❑ Upon maturity you have to invest at the prevailing interest rates
- ❑ **FMPs are relatively illiquid**
 - ❑ Can be sold only on the stock exchange before maturity
- ❑ **You could potentially have earned lot more if you had invested in an actively managed product as compared to FD/FMP**

Life in Corporate FDs & NCDs



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Past Phenomenon

- Plantation Companies (Mid 1990's)
- Old Finance Companies (Late 1990's)

Recent Phenomenon

- Real Estate Companies
- Modern Retailers

Next What?

How to overcome these challenges?



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Missed Opportunities?

- Invest in dynamically managed open ended mutual fund scheme
 - Benefit from changes in market conditions like interest rate, credit spreads, etc.
 - Do not keep money idle waiting for the right FMP/NCD issue to invest in
 - Plan your investment and redemption, thus your tax incidence, as per your requirements

Issuer Risk?

- Invest in a diversified portfolio
 - Spreading your risk across the risk/reward curve

Invest with a Professional Investment Manager



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Introducing

Pramerica Credit Opportunities Fund

The fund with **triple benefits**,
managed by professionals

Pramerica Credit Opportunities Fund



An open ended debt fund based on the three pillars of:

1. High Accrual Securities

- Invests across credit spectrum and rating categories

2. Active Portfolio Management

- Dynamically managed portfolio that helps to gain from volatile interest rates and credit spreads

3. Opportunistic Play

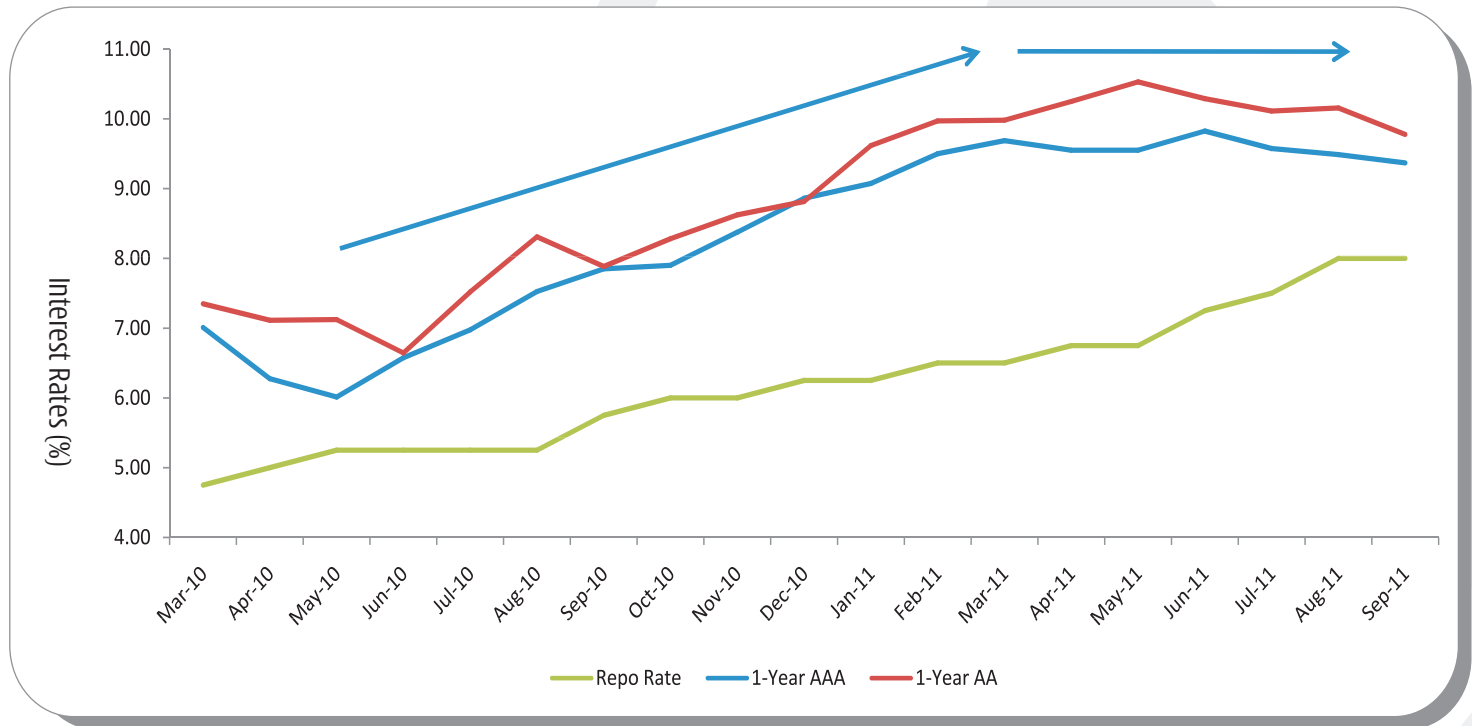
- Opportunities arising out of changes in credit ratings & credit outlook

1. High Accrual Securities



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- ❑ Investing in current high interest scenario will aid in higher accruals
- ❑ Investing in AA rated securities could improve the overall returns by an average of 0.50% to 1.00%

2. Active Portfolio Management

- ❑ Changes in interest rates throw up various opportunities

Interest Rates

Impact on the Scheme

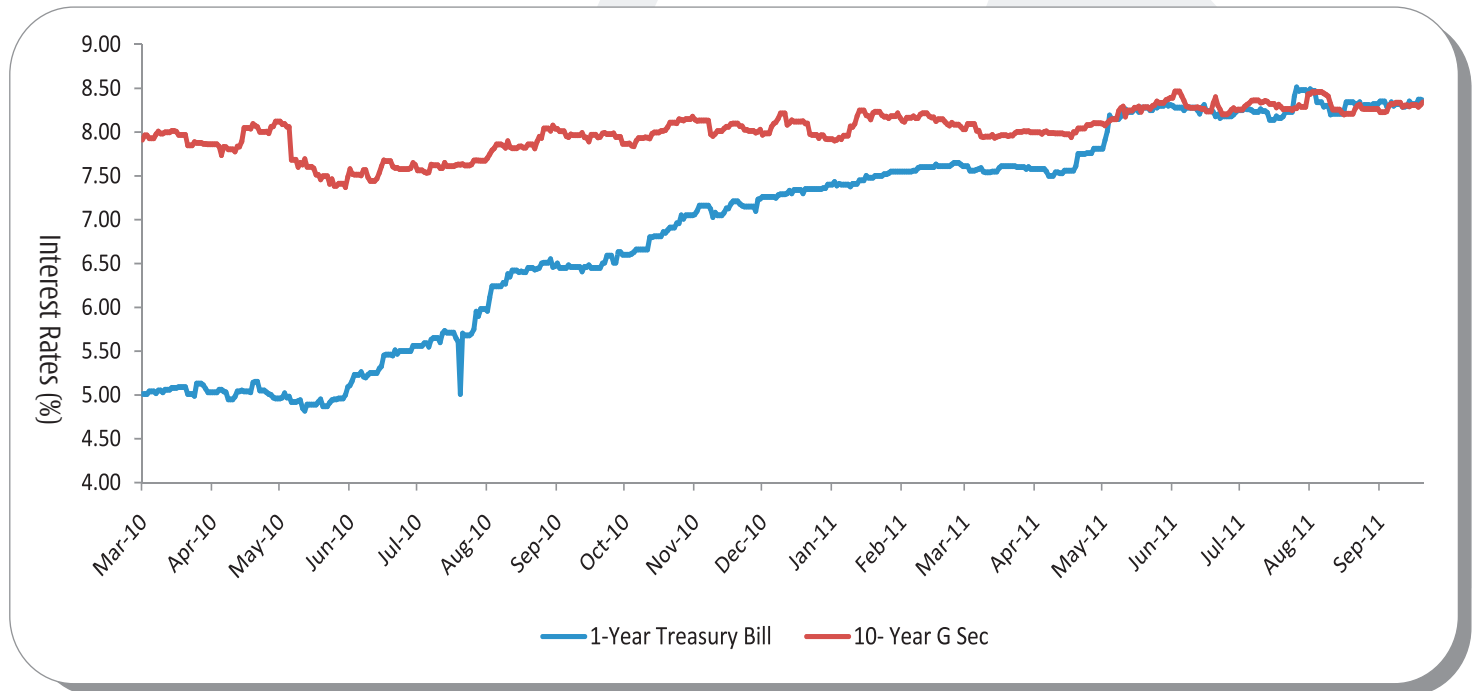


2. Active Portfolio Management (continued)



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- Short term rates have gone up considerably
- Long term rates have remained flat
- Opportunity to earn higher returns in short term securities (12-18 months)

3. Opportunistic Play

At times markets provide opportunities where the risk/reward ratio becomes highly skewed

Lets look at a hypothetical example:

- ❑ Regulator announces higher capital adequacy norms for NBFCs
- ❑ Securities issued by all NBFCs come under stress immediately

However, some strong promoter backed NBFCs can meet higher norms easily and here lies the opportunity

- ❑ Investing in such securities at a discount locking in a higher yield at a much lower risk

3. Opportunistic Play (continued)

- ❑ Opportunity can be in the form of:
 - ❑ Upward or downward revision in the credit rating of a security
 - ❑ Investing in a AA rated security which upgrades to AAA : Opportunity for capital gains
E.g. 2009-10 : Bank of India, Dabur India Limited, Global Trade Finance, Union Bank of India
 - ❑ Investing in a fundamentally sound AAA rated security after it is downgraded to AA : Opportunity to lock-in higher yield
E.g. 2009-10 : IDFC, PNB Housing Finance, Reliance Infrastructure, Standard Chartered Investments & Loans
E.g. 2010-11 : Reliance Capital, DCB
 - ❑ Change in credit outlook of a company or sector
E.g. Bajaj Hindustan, IndusInd Bank
 - ❑ Unlisted securities with favorable risk/reward ratio
 - ❑ Subsidiary of large & stable promoter group
E.g. Trapti Trading (Birla Group), Tata Housing Finance (Tata Group), Shriram Equipment Finance (Shriram Group)

Why Pramerica Credit Opportunities Fund?



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	Fixed Deposit	Fixed Maturity Plans	Non-Convertible Debentures	Pramerica Credit Opportunity Fund
Safety	High	Medium to High	Medium (Exposure to single company is risky)	Medium to High (Diversified portfolio)
Liquidity	High (subject to penal charges)	Exchange driven liquidity (currently very low volumes)	Exchange driven liquidity (currently very low volumes)	High (subject to exit load if applicable)
Returns	Low to Medium	Medium to High	Medium to High	Medium to High
Taxation ¹	Interest fully taxable TDS if interest exceeds ₹ 10,000 Higher tax for investors in higher tax bracket	Tax efficient (Especially for long term investors)	Interest fully taxable; Capital gains applicable if sold before maturity	Tax Efficient for investments over one year Tax free dividend

1 - Taxation is as per current tax laws.

Current Portfolio Strategy



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In the current scenario, the portfolio will aim to capture:

- ❑ High Accrual Securities : 60%-75%
- ❑ Interest Rates & Credit Spreads play : 15%-20%
- ❑ Opportunistic Play (e.g. Potential rating changes) : 10%-20%

Make the right choice



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Which is the ideal option to invest in for 1 year or more?

◆ **A:** Fixed Deposits

◆ **B:** Fixed Maturity Plans

◆ **C:** Non- Convertible Debentures

◆ **D:** Pramerica Credit Opportunities Fund

- FD/FMP/NCD have re-investment risk & returns cannot adjust to dynamic interest rates
- Pramerica Credit Opportunities Fund is tax efficient and has the potential to benefit from high interest rate scenario

Scheme Highlights



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- **Investment Objective**

The investment objective of the scheme is to generate income by investing in debt /and money market securities across the credit spectrum. The scheme would also seek to maintain reasonable liquidity within the fund.

- **Investment Strategy**

The investment strategies will focus on constructing fixed income portfolios across the credit spectrum in line with investment objective, maintaining an optimum balance of credit quality, liquidity and yield. The Scheme will follow an active duration management strategy.

- **Asset Allocation**

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Money market instruments & Debt securities	0	100	Low to Medium

Presently, the Scheme does not intend to invest in securitized debt and overseas / foreign securities.

Scheme Highlights

Benchmark	CRISIL Composite Bond Fund Index	
Plans & Options	<p>The Scheme has two Options, namely,</p> <ul style="list-style-type: none"> • Growth Option and • Dividend Option <p>Dividend Option has the following 3 facilities:</p> <ol style="list-style-type: none"> i. Dividend Reinvestment; ii. Dividend Payout ; and iii. Dividend Transfer <p>If the amount of Dividend payable under the Dividend payout facility is ₹500/- or less, then the Dividend would be compulsorily reinvested in the Dividend Option of the Scheme.</p>	
Minimum Amount of investment	a. Initial investment under a folio	Minimum of ₹5,000/- and in multiples of ₹1/- thereafter.
	b. For subsequent investments (i.e., Addl. purchase) under an existing folio	Minimum of ₹1,000/- and in multiples of ₹1/- thereafter.
	The minimum amount of investment specified above is not applicable for dividend reinvested under Dividend Option and for investment made under Dividend Transfer Plan.	
Minimum Redemption Amount	₹1000/- or equivalent no. of Units at applicable redemption price in respect of each Option or the balance in the unitholder's folio /account, whichever is lower.	
Loads	Entry Load : NIL	
	<p>Exit Load :</p> <p>@ 2 %, if the Units are Redeemed / Switched -out on or before 365 days of allotment</p> <p>NIL, if the Units are Redeemed / Switched -out after 365 days of allotment</p>	

Important Disclosures

- **Name of the Scheme:** Pramerica Credit Opportunities Fund. **Scheme Classification:** An open ended debt scheme.
- **Investment Objective:** The investment objective of the scheme is to generate income by investing in debt /and money market securities across the credit spectrum. The scheme would also seek to maintain reasonable liquidity within the fund. However, there is no assurance that the investment objective of the Scheme will be realized and the Scheme does not assure or guarantee any returns.
- **Terms of issue and sale and redemption of units:** Issue of units of Rs. 1000 each for cash during the New Fund Offer and at NAV based prices thereafter. The scheme offers sale and redemption facility on all business days during the ongoing offer. NAV of the Scheme will be calculated and disclosed at the close of every Business Day.
- **Load Structure:** Entry Load: Not Applicable, Exit Load: @2%, If the Units are Redeemed / Switched-out within 365 days of allotment; and NIL - If the Units are Redeemed / Switched-out after 365 days of allotment **Recurring Expenses:** Recurring expenses including the investment management and advisory fee that can be charged to the Scheme shall be subject to a percentage limit of average weekly net assets @ 2.25% for the first 100 crore; @ 2.00%, next Rs. 300 crore; @1.75% on the next Rs. 300 Crores; and @ 1.50% on the balance.. **NFO expenses:** To be fully borne by AMC/ Sponsor. Copy of SID/SAI and Key Information Memorandum (KIM) can be obtained from any of our Investor Services Centers as well as from our website: www.pramerica.com
- **Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the objective of the Scheme will be achieved. As with any investment in securities, the NAV of the units under the scheme may go up or down depending upon the factors and forces affecting the securities markets. Pramerica Treasury Advantage Fund is only the name of the scheme and does not in any manner indicate either the quality of the Scheme, its future prospects and returns.**
- Performance of the Sponsor has no bearing on the expected performance of the mutual fund or any of its schemes. Past performance of the Sponsor and their Affiliates/AMC/Mutual Fund & its Scheme(s) does not indicate the future performance of the Scheme and may not necessarily provide a basis of comparison with other investments. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. As the price / value / interest rates of the securities in which the scheme invests fluctuate, the value of your investment in the Scheme may go up or down. Investors are not being offered any guaranteed / assured returns under any scheme of Pramerica Mutual Fund. **FOR SCHEME-SPECIFIC RISK FACTORS & TAX IMPLICATIONS, PLEASE REFER TO THE SCHEME INFORMATION DOCUMENT.**

Important Disclosures

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- **MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS. PLEASE READ ALL SCHEME RELATED DOCUMENTS CAREFULLY BEFORE INVESTING**



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