

**NOTICE CUM ADDENDUM**
**Change in the Fundamental Attributes of Pramerica Dynamic Monthly Income Fund:**

NOTICE is hereby given that Pramerica Trustee Company Limited, Trustees to Pramerica Mutual Fund has approved the following changes in the fundamental attributes of Pramerica Dynamic Monthly Income Fund (the "Scheme"), effective from **December 21, 2013** ("Effective Date").

| Asset Allocation                      |                             |                                       |                             |
|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Existing Scheme Features              |                             | Proposed Scheme Features              |                             |
| Instruments                           | Indicative Asset Allocation | Instruments                           | Indicative Asset Allocation |
| Fixed Income Securities               | 70-95%                      | Fixed Income Securities               | 70-100%                     |
| Equity and Equity related instruments | 5-30%                       | Equity and Equity related instruments | 0-30%                       |

The allocation between equities and debt shall be based on a Valuation Matrix viz., Pramerica Dynamic Asset Rebalancing Tool (Pramerica DART) developed and maintained by the AMC. (pl. see details of "Pramerica DART" given below under the section "Investment Strategy")

Presently, the scheme does not intend to invest in securitised debt, overseas/foreign securities and also does not intend to engage in securities lending and borrowing.

The Scheme may engage in short selling of securities in accordance with the framework relating to short selling as specified by SEBI.

The Scheme retains the flexibility to invest across all the securities in the debt and money markets instruments. The portfolio may hold cash depending on the market condition. The fund manager can use derivative instruments to protect the downside risk. Further, aggregate asset allocation including exposure to derivatives will not exceed 100% of the net assets; and that same security wise hedge positions would be excluded from the same.

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**Investment Strategy**

*(Extracts of the relevant portion that is being modified is provided here. The rest of the disclosures under the 'Investment Strategy' of the scheme remains unchanged)*

| Existing Scheme Features   |           | Proposed Scheme Features  |             |           |           |           |            |          |  |  |  |
|--|-----------|---|-------------|-----------|-----------|-----------|------------|----------|--|--|--|
| Within the limits indicated in the asset allocation table, the allocation between equities and debt shall be based on a valuation matrix, namely, Pramerica DART, developed and maintained by the AMC<br><b>Pramerica Dynamic Asset Rebalancing Tool (Pramerica DART)</b><br>Pramerica DART is a proprietary multi-factor model that works on the philosophy of mean reversion. The theory of mean revision suggests that prices and returns eventually move back towards the long-term average. Such an average can be the historical average of price or return. The model takes three broad parameters which drives asset prices, using historical data and is updated daily. These are (i) Fundamental, (ii) Liquidity and (iii) Volatility. These factors change on a daily basis and gets updated in the Pramerica DART. The DART model assigns a valuation score namely, Pramerica DART Score, that indicates whether equities are under-valued or over-valued at a particular point in time. Based on these scores, the model then calculates the optimum equity-debt mix. Since the data is updated daily, the rebalancing of the portfolio could occur on a daily basis.<br>The following are the indicative weights of the above-mentioned factors: |           | The fund manager shall decide the allocation between equity & debt within the overall asset allocation pattern. |             |           |           |           |            |          |  |  |  |
| <table border="1"> <thead> <tr> <th>Factor</th> <th>Weight</th> </tr> </thead> <tbody> <tr> <td>Fundamental</td> <td>50% - 70%</td> </tr> <tr> <td>Liquidity</td> <td>20% - 30%</td> </tr> <tr> <td>Volatility</td> <td>0% - 10%</td> </tr> </tbody> </table>  | Factor    | Weight  | Fundamental | 50% - 70% | Liquidity | 20% - 30% | Volatility | 0% - 10% |  |  |  |
| Factor   | Weight    |   |             |           |           |           |            |          |  |  |  |
| Fundamental  | 50% - 70% |   |             |           |           |           |            |          |  |  |  |
| Liquidity  | 20% - 30% |   |             |           |           |           |            |          |  |  |  |
| Volatility   | 0% - 10%  |   |             |           |           |           |            |          |  |  |  |
| <b>Note:</b><br>(i) The underlying factors and parameters of the valuation matrix may change over time based on changing global macroeconomic environment.<br>(ii) The weights of the factors are only indicative and are subject to change depending on the changes in global and macro environment.<br>Stock markets movements are primarily driven by three broad factors, namely, Fundamental, Liquidity and Volatility.   |           |   |             |           |           |           |            |          |  |  |  |
| <ul style="list-style-type: none"> <li><b>Fundamental Factors:</b> Fundamental factors play a very important role in how stock markets perform over the long term. Hence, this is the primary reason why fundamental factors have been ascribed maximum weight. These would include macro as well as micro variables such as GDP growth, inflation, and the overall interest rate environment prevalent in the economy. Micro factors would include corporate earnings and current valuation based on various valuation criteria.</li> <li><b>Liquidity factors:</b> In addition to fundamental factors, stock markets in the short to medium term are governed by liquidity, both domestic and international. These are determined by money supply in the system, relative currency valuation, global interest rates, external trade and sovereign risk.</li> <li><b>Volatility factors:</b> Often times stock markets tend to get extremely volatile, either due to fundamental or technical factors. These are determined by F&amp;O prices and volumes, Derivative risk premium/discount, put/call volume ratio etc.</li> </ul>  |           |   |             |           |           |           |            |          |  |  |  |

All other terms and conditions of the Scheme will remain unchanged. Further, all the references pertaining to Pramerica Dart Model in the SID & KIM of the aforementioned Scheme stands deleted.

The above changes proposed to the Scheme tantamount to a change in the fundamental attributes of the Scheme as per Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996.

Existing Unit holders (i.e. whose names appear in the register of Unitholders as on November 16, 2013) who are not in agreement with the aforesaid changes may exit the Scheme by redeeming their units or switching to other available/eligible schemes of Pramerica Mutual Fund at the prevailing Net Asset Value without payment of exit load between **November 21, 2013 and December 20, 2013** (both days inclusive). Currently, there is an exit load under the Scheme. Unit holders who do not exercise the exit option by December 20, 2013 shall be deemed to have consented to the proposed change. Separate written communication is also being sent to the existing unit holders in this regard. In case any existing unit holder do not receive the communication, they are advised to contact any of the Investor Service Centers of Pramerica Asset Managers Private Limited (AMC). Redemption/Switch requests, if any, may be lodged at any of the Official Points of Acceptance of Pramerica Mutual Fund. Unit holders who have pledged/encumbered their units will not have the option to exit unless they submit a release of their pledges/encumbrances prior to submitting their redemption/switch requests.

Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in the Fund's records before exercising the exit option. Redemption/switch-out by the Unit holders due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. In view of the individual nature of the implications, each Unit holder is advised to consult his or her own tax advisor.

Unit holders may note that no action is required in case they are in agreement with the aforesaid changes, which shall be deemed as acceptance of these changes. **This offer to exit is merely an option and not compulsory.** Pramerica Asset Managers Private Limited/Pramerica Mutual Fund would like the Unit holders to remain invested in the Scheme.

For Pramerica Asset Managers Private Limited  
(Investment Manager for Pramerica Mutual Fund)

Sd/-

Authorized Signatory

Place : Mumbai

Date : November 14, 2013

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

Pramerica and Pramerica Financial are trade names used by Prudential Financial, Inc. (PFI) a company incorporated and with its principal place of business in the United States, and by its affiliated companies in select countries outside the United States. None of these companies are affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.