Principal®
Mutual
Funds

KEY INFORMATION MEMORANDUM & APPLICATION FORM FOR

(Offer of units at applicable NAV based price)

PRINCIPAL TAX SAVINGS FUND
(An Open-ended Equity Linked Savings Scheme)

PRINCIPAL PERSONAL TAX SAVER FUND^
(An Open-ended Equity Linked Savings Scheme)

PRINCIPAL SMART EQUITY FUND
(An Open-ended Equity Scheme)

PRINCIPAL EMERGING BLUECHIP FUND
(An Open-ended Equity Scheme)

PRINCIPAL BALANCED FUND
(An Open-ended Balanced Scheme)

PRINCIPAL EQUITY SAVINGS FUND
(An Open-ended Equity Scheme)

PRINCIPAL LARGE CAP FUND
(An Open-ended Equity Scheme)

PRINCIPAL GROWTH FUND
(An Open-ended Equity Scheme)

PRINCIPAL ARBITRAGE FUND
(An Open-ended Equity Scheme)

PRINCIPAL DIVIDEND YIELD FUND
(An Open-ended Equity Scheme)

PRINCIPAL INDEX FUND - NIFTY
(An Open-ended Index Scheme)

^Fresh sale of units i.e. by way of purchase/ Switch-ins and registration of fresh SIP arrangement under the Scheme is suspended till further notice.

PRINCIPAL PNB ASSET MANAGEMENT COMPANY PRIVATE LIMITED
Investment Manager to Principal Mutual Fund
Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, India.
Principal Mutual Fund
Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document (SID) and Statement of Additional Information (SAI) available free of cost at any of the Investor Service Centres or distributors or from the website www.principalindia.com The aforesaid SID & SAI are to be read with the addendums, if any issued by the Fund from time to time.**

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

Distributors
☎ 1800-266-2040
✉ partner@principalindia.com

Investors
☎ 1800-425-5600
✉ customer@principalindia.com

Website
www.principalindia.com

Principal® Mutual Funds

FORM 1 - LUMPSUM AND/OR SIP INVESTMENTS

THE APPLICATION FORM SHOULD BE FILLED IN BLOCK LETTERS ONLY. PLEASE READ THE INSTRUCTIONS BEFORE FILLING THE APPLICATION FORM

APPLICATION NO.

Broker ARN/RIA Code^	Sub-Broker ARN Code	EUIN	Sub-Broker Code
ARN - 71722			

☐ **I/We hereby confirm that the EUIN box has been intentionally left blank by me/us this is an "execution-only" transaction without any interaction or advice by the employee/relationship manager/sales person of the above distributor or notwithstanding the advice of in-appropriateness, if any, provided by the employee/relatioship manager/sales person of the distributor and the distributor has not charged any advisory fees on this transaction. (Ref Instruction No. G).** Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor. ^ By mentioning RIA code, I/we authorize you to share with the Investment Adviser the details of my/our transactions.

Sole / First Applicant's Signature (Mandatory)

TRANSACTION CHARGES FOR APPLICATIONS THROUGH DISTRIBUTORS/AGENTS ONLY (Refer Instruction No. B 14)

☐ I am a First Time Investor in Mutual Fund Industry ☐ I am an Existing Investor in Mutual Fund Industry

1A FIRST APPLICANT'S DETAILS (Ref instruction B. All fields are mandatory)

Existing Unit Holder (Fill & skip to section 4) Folio No.

Name of First Applicant (As in PAN / KYC/ Aadhaar)

City & Country of Birth City Country

Date of birth (Proof in case of minor) D D M M Y Y

Gender ☐ Male ☐ Female

PAN/PEKRN

KIN^^

☐ CKYC / KYC Form / Acknowledgement Copy

Aadhaar No. (Attach copy)

Mobile No.

Email Id

Correspondence Address (Please note: Address will be replaced as per KYC records)

City

State

Country

Pin Code

Are you a tax resident of any country other than India? ☐ Yes ☐ No
(If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

Overseas address (For FIIs/NRIs/PIOs) (Ref B 5)

Name of the Guardian (in case of minor) / POA (Contact person for non individuals / POA holder name)

PAN (Guardian / POA)

Aadhaar No. (Guardian / POA)

City & Country of Birth City Country

Date of Birth (Guardian / POA) D D M M Y Y

Gender ☐ Male ☐ Female

PAN/PEKRN

KIN^^

☐ CKYC / KYC Form / Acknowledgement Copy

Are you a tax resident of any country other than India? ☐ Yes ☐ No (If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

For Investments "On behalf of Minor" (Refer B 11) ☐ Birth Certificate ☐ School Certificate ☐ Passport ☐ Other Specify

Guardian named above is ☐ Father ☐ Mother ☐ Court Appointed

1B JOINT APPLICANT'S DETAILS (All fields are mandatory)

Mode of operation ☐ Single ☐ Joint (Default option) ☐ Either or Survivor(s)

Name of Second Applicant (As in PAN / KYC/ Aadhaar)

City & Country of Birth City Country

Date of birth (Proof in case of minor) D D M M Y Y

Gender ☐ Male ☐ Female

PAN/PEKRN

KIN^^

☐ CKYC / KYC Form / Acknowledgement Copy

Aadhaar No. (Attach copy)

Are you a tax resident of any country other than India? ☐ Yes ☐ No (If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

Name of Third Applicant (As in PAN / KYC/ Aadhaar)

City & Country of Birth City Country

Date of birth (Proof in case of minor) D D M M Y Y

Gender ☐ Male ☐ Female

PAN/PEKRN

KIN^^

☐ CKYC / KYC Form / Acknowledgement Copy

Aadhaar No. (Attach copy)

Are you a tax resident of any country other than India? ☐ Yes ☐ No (If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

^^ For CKYC provide 14 digit KYC Identification Number (KIN).

2 KYC/ FATCA DETAILS (All fields are mandatory, Please tick or specify. Ref Instruction D & I)

Details of	Occupation Details											Politically Exposed Person (PEP) Details		
	Private Sector	Public Sector	Gov. Service	Business	Professional	Agriculturist	Retired	Housewife	Student	Proprietorship	Others	Is a PEP	Related to PEP	Not Applicable
1st Applicant	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Specify	☐	☐	☐
2nd Applicant	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Specify	☐	☐	☐
3rd Applicant	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Specify	☐	☐	☐
Guardian	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Specify	☐	☐	☐
Authorised Signatories/ Promoters/ Partners/ Karta/ Whole-time Directors / Trustee												☐	☐	☐

Details of	Gross Annual Income Range (₹)							Status Details						
	< 1L	1-5L	5-10L	10-25L	25L-1C	> 1C	*Or Networth in ₹	Resident Individual	NRI / PIO / NRO	Sole Proprietorship	Minor through Guardian	Non Individual		Others
1st Applicant	☐	☐	☐	☐	☐	☐	as on	☐	☐	☐	☐	☐ Company/Body ☐ Corporate ☐ HUF	**Is the entity involved in any of the following:**	Specify
2nd Applicant	☐	☐	☐	☐	☐	☐	as on	☐	☐	☐	☐	☐ Partnership ☐ Society ☐ Trust	Foreign Exchange/ Money Changer ☐ Yes ☐ No	Specify
3rd Applicant	☐	☐	☐	☐	☐	☐	as on	☐	☐	☐	☐	☐ Bank ☐ AOP ☐ FI/FII/FPI ☐ NPO	Gaming/ Gambling/ Lottery (casinos, betting syndicates) ☐ Yes ☐ No	Specify
Guardian	☐	☐	☐	☐	☐	☐	as on	☐	☐	☐	☐	☐ BOI ☐ OCI ☐ LLP	Money Lending/ Pawning ☐ Yes ☐ No	Specify

*Mandatory for Non Individual. Not older than 1 year

✂ - ✂

Principal® Mutual Funds

ACKNOWLEDGEMENT SLIP (To be filled in by the investor)

Application No.

From

Date D D M M Y Y

1	Scheme	Plan/Option	Amount
2	Scheme	Plan/Option	Amount
3	Scheme	Plan/Option	Amount

Stamp & Signature

3 BANK DETAILS FOR PAY-OUT (Mandatory. Refer C and avail of Multiple Bank Registration Facility. Please attach cancelled cheque copy.)

Bank Name

Bank A/c No. Type ☐ Savings ☐ Current ☐ NRO ☐ NRE ☐ FCNR ☐ NRSR ☐ Others Specify

Branch Name City Pin

IFSC/NEFT Code (11 digit)* MICR Code (9 digit)* *Mentioned on your cheque leaf

4 INVESTMENT AND PAYMENT DETAILS (In case of discrepancy, Default plan/option will be applied) Ref Instruction A, B & C

i Name Give a name to investment Target Amount

INVESTMENT TYPE ☐ **ONLY LUMPSUM** ☐ **ONLY SIP*** ☐ **LUMPSUM & SIP*** *Attach **FORM 2**

Scheme (Invest in upto 3 schemes with single cheque)	Plan		Option		Sub Option			Frequency (if applicable)	Amount in figure (₹)	
	Regular	Direct	Dividend	Growth	Payout	Reinvest	Sweep	Tick any one*	Lumpsum	SIP
1. Principal	☐	☐	☐	☐	☐	☐	☐	☐D ☐W ☐M ☐Q ☐HY ☐A		
2. Principal	☐	☐	☐	☐	☐	☐	☐	☐D ☐W ☐M ☐Q ☐HY ☐A		
3. Principal	☐	☐	☐	☐	☐	☐	☐	☐D ☐W ☐M ☐Q ☐HY ☐A		
Total (Amount in words)									0	0

Dividend Sweep into Scheme Plan Option

*D-Daily, W-Weekly, M-Monthly, Q-Quartly, HY-Half Yearly & A-Annual

PAYMENT DETAILS (Applicable for both lumpsum & SIP investment)

Payment Account ☐ Non Third Party Payment ☐ Third Party Payment (Please attach declaration form available at www.principalindia.com)

Payment mode	Instrument/ Reference No.	Amount (₹)	Account No.	Account type
☐ Cheque/ DD				☐ Savings ☐ Current
☐ RTGS/ NEFT		DD Charges (if any)	Bank & Branch	☐ NRO
☐ Funds Transfer				☐ NRE

5 DEMAT ACCOUNT DETAILS (Optional) (Refer instruction No. B(13))

(Please ensure that the sequence of names as mentioned in the application from matches with that of the account held with the Depositary Participant. Attach copy of DP statement.)

NSDL	DP NAME	DP ID	Beneficiary Account No.
CSDL	DP NAME	Beneficiary Account No.	

6 NOMINATION DETAILS (Single or joint applicants are advised to avail Nomination facility. Ref Instruction E).

☐ **I/We wish to nominate.** ☐ **I/We DO NOT wish to nominate and sign here** Sole / First Applicant / Guardian Second Applicant Third Applicant

	Nominee Name	Guardian Name (In case of Minor)	Allocation %	Nominee/ Guardian Signature
Nominee 1				
Nominee 2				
Nominee 3				
Address			Total = 100%	

7 DECLARATION & SIGNATURES

INDIVIDUAL / NON-INDIVIDUAL DECLARATION: I/We have read and understood the contents of the Scheme Information Document/s to the Scheme(s) including the sections on "Prevention of Money Laundering and Know Your Customers". I / We hereby apply to the Trustees of the Principal Mutual Fund (the Mutual Fund) for units of the Scheme as indicated above ["the Scheme"] and agree to abide by the terms and conditions, of the Scheme. I / We have not received nor have been induced by any rebate or gifts, directly or indirectly, in making this investment. I/We further declare that the amount invested by me/us in the Scheme(s) is derived through legitimate sources and is not held or designed for the purpose of contravention of any act, rules, and regulations or any statute or legislation or any other applicable laws or any notifications, directions issued by any governmental or statutory authority from time to time. I/We further confirm that I/we have the express authority from the relevant constitution to invest in the units of the Scheme and the Principal Pnb Asset Management Company Pvt. Ltd. [AMC], its Trustee and the Mutual Fund would not be responsible if the investment is ultra vires the relevant constitution. I/We further confirm that the ARN holder (Broker/Sub-Broker) has disclosed to me/us all the commissions (in the form of trail commission or any other mode), payable to him for the different competing Schemes of various Mutual Funds from amongst which the Scheme(s) has been recommended to me/us. I/We hereby agree for the AMC to reject the application or compulsorily redeem any Units held directly or beneficially by me/us if I/we fail to provide the information called for by the AMC / Principal Mutual Fund or the information provided by me turns out to be false or if the units are found to be held in contravention of any regulatory requirements / prohibitions issued from time to time. Where, I / We have been advised this fund / scheme for investment and the investments are made in Direct Plan, I / We authorise the Mutual Fund to share my / our investment and transaction details with my / our advisor / distributor.

I/We consent to and authorize the AMC to share all information (including without limitation personal information or sensitive personal data or information as defined in the 'Privacy Policy' hosted on your website www.principalindia.com) provided by me/us for transacting in Principal Mutual Fund with any of its Associates/Group Companies/ Affiliates, as well as to non-affiliated third parties such as, but not limited to, attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. I/We hereby declare and agree that I am/we are not a "U.S. person" for U.S. federal income tax purposes and that I am/we are not acting for, or on behalf of a U.S. person.

I/ We hereby agree to keep the information provided to AMC updated and to provide any additional information/ documentation that may be required by AMC in connection with this application. Also, I hereby confirm that the information provided hereinabove is true, correct, and complete to the best of my knowledge and belief and that I shall be solely liable and responsible for the information submitted above. I also confirm that I have read and understood the FATCA & CRS Terms and Conditions given under Instructions and hereby accept the same.

I/We hereby provide my/our consent in accordance with Aadhaar Act, 2016 and regulations made thereunder, for (i) collecting, storing and usage (ii) validating/authenticating and (ii) updating my/our Aadhaar number(s) in accordance with the Aadhaar Act, 2016 (and regulations made thereunder) and PMLA. I/We hereby provide my consent for sharing/disclosing of my/our Aadhaar number including demographic information with the asset management companies of SEBI registered mutual fund and their Registrar and Transfer Agent (RTA) for the purpose of updating the same in the folios linked to my/our PAN.

Applicable to NRIs only: I / We confirm that I am / we are Non- Residents of Indian Nationality / Origin and I / We hereby confirm that the funds for subscription have been remitted from abroad through approved banking channels or from funds in my/our Non-Residents External / Ordinary Account /FCNR Account.

FATCA/ CRS Declaration for Non-individual :I / We have understood the information requirements of this Form (read along with the FATCA & CRS Instructions) and hereby confirm that the information provided by me/us on this Form is true, correct, and complete. I / We also confirm that I / We have read and understood the FATCA & CRS Terms and Conditions given under Instructions and hereby accept the same.

First / Sole Applicant / Guardian	Second Applicant	Third Applicant	Power of Attorney Holder

Date : D D M M Y Y Place :

QUICK CHECKLIST

☐ KYC acknowledgement letter (Compulsory for MICRO Investments)

☐ Self attested PAN card and Aadhaar copy

☐ Email id and mobile number provided for regular updates

☐ Plan / Option / Sub Option name mentioned along with scheme name

☐ Form 2 is filled & attached for SIP investments

☐ Relationship proof between Guardian and Minor (if application is in the name of a Minor) attached

☐ Additional documents attached for Third Party payments. Refer instructions

☐ FATCA & CRS Declaration for non individual/ Entity is attached (mandatory)

Principal® Mutual Funds

FORM 2 - SIP REGISTRATION & AUTO DEBIT/NACH

Attention: No need to attach One Time Mandate again, if already registered / submitted earlier.

Principal® Mutual Funds

Tick (✓)
CREATE ☑
MODIFY ☒
CANCEL ☒

UMRN: Bank use
Date: D D M M Y Y Y Y
Sponsor Bank Code: Bank use
Utility Code: Bank use
I/We hereby authorize: **Principal Mutual Fund**
to debit (tick✓): ☐ SB ☐ CA ☐ CC ☐ SB-NRE ☐ SB-NRO ☐ Other
Bank a/c number:
with Bank: Name of customers bank
IFSC:
or MICR:
an amount of Rupees: in words ₹ in figures
FREQUENCY: ~~☐ Mthly ☐ Qtly ☐ H Yrly ☐ Yrly~~ ☑ As & when presented
DEBIT TYPE: ☒ Fixed Amount ☑ Maximum Amount
Reference 1:
Phone No.:
Reference 2:
Email ID:

I agree for the debit of mandate processing charges by the bank whom I am authorizing to debit my accounts as per latest schedule of charges of the bank.

PERIOD
From: D D M M Y Y Y Y
To: 3 1 1 2 2 0 9 9
Or ☒ Until Cancelled

Signature of 1st Account holder
1. Name as in bank records

Signature of 2nd Account holder
2. Name as in bank records

Signature of 3rd Account holder
3. Name as in bank records

This is to confirm that the declaration has been carefully read, understood & made by me / us. I am authorizing the User Entity / Corporate to debit my account, based on the instructions as agreed and signed by me.
I have understood that I am authorized to cancel / amend this mandate by appropriately communicating the cancellation / amendment request to the User entity / Corporate or the bank where I have authorized the debit.

Broker ARN/RIA Code^	Sub-Broker ARN Code	EUIN	Sub-Broker Code
ARN - 71722			

☐ **I/We hereby confirm that the EUIN box has been intentionally left blank by me/us this is an "execution-only" transaction without any interaction or advice by the employee/relationship manager/sales person of the above distributor or notwithstanding the advice of in-appropriateness, if any, provided by the employee/relatioship manager/sales person of the distributor and the distributor has not charged any advisory fees on this transaction. (Ref Instructions No. G).** Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor. ^ By mentioning RIA code, I/we authorize you to share with the Investment Adviser the details of my/our transactions.

Sole / First Applicant's Signature (Mandatory)

TRANSACTION CHARGES FOR APPLICATIONS THROUGH DISTRIBUTORS/AGENTS ONLY [Refer Instruction No. B(14)]

☐ I am a First Time Investor in Mutual Fund Industry ☐ I am an Existing Investor in Mutual Fund Industry

Name of First Applicant:
Folio No. (For existing unit holder):
Cheque no.:
Drawn on:
Date:
Amount (₹):

SIP DETAILS (First time investors with Principal MF should fill & attach this with Form 1. Ref instruction (A) mentioned overleaf)

Scheme (SIP in upto 3 schemes with a single cheque)	Plan/Option	Dividend Frequency	SIP Amount*	SIP Date(s)#	Frequency$	Start Date	End Date	Perpetual
1. Principal					☐ M ☐ Q	MM / YY	MM / YY	☐
2. Principal					☐ M ☐ Q	MM / YY	MM / YY	☐
3. Principal					☐ M ☐ Q	MM / YY	MM / YY	☐
Total (Amount in words)								

*Minium SIP amount is ₹ 2,000 per month except for Principal Tax Savings Fund for which it is ₹ 500 per month. # Default date 10th. $M-Monthly & Q-Quarterly

Dividend Sweep into: Scheme Plan Option

☐ **TOP-UP DETAILS** (Applicable to scheme number mentioned in above table. Ref instruction (B) mentioned overleaf)

☐ **PAUSE DETAILS** (Applicable to scheme number mentioned in above table. Ref instruction (C) mentioned overleaf)

Scheme No.	Top up Amount (Min. ₹ 500 & Multiple of ₹1/-)	Frequency (HY-Half Yearly Y-Yearly (Default))	Top Up Start Month/Year	Cap Month / Year	Cap Amount	SIP Cycle Date	SIP Pause Period Start from	SIP Pause Period End on
1.		☐ HY ☐ Y	M M / Y Y	M M / Y Y		D D	MM / YY	MM / YY
2.		☐ HY ☐ Y	M M / Y Y	M M / Y Y		D D	MM / YY	MM / YY
3.		☐ HY ☐ Y	M M / Y Y	M M / Y Y		D D	MM / YY	MM / YY

Declaration: Having read, understood and agreed to the contents of OTM Facility, the Scheme Information Document. Statement of Additional Information, Key information Memorandum, Instructions and Addenda issued from time to time of the respective Scheme(s) of Principal Mutual Fund mentioned within, I hereby declare that the particulars given above are correct and express my willingness to make payments towards SIP instalments referred above through participation in NACH/ECS/Direct Debit. The ARN holder, where applicable, has disclosed to me/us all the commissions (trail commission or any other mode), payable to him for the different competing Schemes of various Mutual Funds from amongst which the Scheme is being recommended to me/us.

First / Sole Applicant / Guardian | Second Applicant | Third Applicant | Power of Attorney Holder

Principal® Mutual Funds

ACKNOWLEDGEMENT SLIP (To be filled in by the investor)

Date: D D M M Y Y
Application No.

From:
1
2
3

Stamp & Signature

OTM Instructions: Terms & Conditions

- Investors who have already submitted an OTM form or already registered for OTM facility should not submit OTM form again as OTM registration is a one-time process only for each bank account. However, such investors if wish to add a new bank account towards OTM facility may fill the form.
- Other investors, who have not registered for OTM facility, may fill the OTM form and submit duly signed with their name mentioned.
- Registration process for OTM forms submitted during the NFO period will commence after the closure and allotment of NFO applications.
- Mobile Number and Email Id: Unit holder(s) should mandatorily provide their mobile number and email id on the mandate form. Where the mobile number and email id mentioned on the mandate form differs from the ones as already existing in the folio, the details provided on the mandate will be updated in the folio. All future communication whatsoever would be, thereafter, sent to the updated mobile number and email id.
- Unit holder(s) need to provide along with the mandate form an original cancelled cheque (or a copy) with name and account number pre-printed of the bank account to be registered or bank account verification letter for registration of the mandate failing which registration may not be accepted. The Unit holder(s) cheque/ bank account details are subject to third party verification.
- Investors are deemed to have read and understood the terms and conditions of OTM Facility, SIP registration through OTM facility, the Scheme Information Document, Statement of Additional Information, Key Information Memorandum, Instructions and Addenda issued from time to time of the respective Scheme(s) of Principal Mutual Fund.
- If end date/frequency is not mentioned in the OTM Form, the same will be considered as per the SIP Registration Form and vice versa.

MANDATORY FIELDS

Date: Date is mandatory • **CREATE/MODIFY/CANCEL:** tick is mandatory for create/modify & cancel if not ticked mandate will be rejected • **To Debit (tick):** account type is mandatory • **Bank A/c Number:** Investor debit bank a/c number mandatory • **With Bank:** Investor bank name is mandatory • **IFSC / MICR:** Correct IFSC code or MICR code is mandatory • **An amount of Rupees:** SIP fixed instalment amount in words in word column is mandatory, maximum amount in words in word column is mandatory • **₹ :** SIP fixed instalment amount in figures in figure column is mandatory, Maximum instalment amount in figures in figure column is mandatory • **Frequency:** SIP monthly/ quarterly mandatory, Lump sum : as & when presented is mandatory • **Debit Type:** For SIP fixed Amount & for Lump sum Maximum Amount is mandatory • **Folio No.:** For Existing Investor only • **Phone No./ Email ID:** Phone No. or Email ID is Mandatory • **PAN Number:** Mandatory • **Period:** SIP start date is Mandatory, Lump sum : indicate till what date the mandate should be valid • **Signature of Account Holder:** Signature is mandatory as per bank record • **Name of the Bank A/c Holder:** Name of the Bank A/c Holder is mandatory

Instructions

A. SIP INSTRUCTIONS

1. A minimum gap of 21 days needs to be maintained between date of Application & SIP start date.
2. With the introduction of One Time Mandate (OTM) facility, the mandate registration and SIP registration through OTM facility has been delinked. There are two separate forms, 1) for onetime mandate registration and 2) for SIP Registration.
3. Where a onetime mandate is already registered in a folio for a bank account, the Unit Holder(s) will have to fill only the SIP Registration Form and there is no need of a separate cheque to be given along with the SIP Registration Form.
4. Where the mandate form and the SIP registration form are submitted together, debits for the SIP may happen only on successful registration of the mandate by the Unit holder(s) bank. The Fund / AMC would present the SIP transactions or additional purchase transactions without waiting for the confirmation of the successful registration from the Unit holder(s)' bank.
5. In case the onetime mandate is successfully registered, new SIP registration will take upto five days. The first debit may happen any time thereafter, based on the dates opted by the Unit holder(s).
6. If start date for SIP period is not specified, SIP will be registered and processed as per default date i.e. 10th of each month.
7. If anytime during the SIP period, the onetime mandate is modified to reduce the validity period, future installments of all SIPs registered under the mandate will be deemed to have the end period coinciding with the mandate.
8. In case of Micro SIP application without PAN, the investor/s hereby declare that they do not have any existing Micro SIPs with Principal Mutual Fund which together with the current application will result in aggregate investments exceeding ₹ 50,000 in a year.
9. If end date is not specified, SIP will be continued till the perpetuity or until cancelled.

B TOP UP

1. SIP Top-Up will be subject to minimum SIP investment requirement, as applicable to the eligible schemes from time to time.
2. Investors subscribing for this facility are required to submit the request at least 25 days prior to the SIP top up date
3. SIP Top-Up facility can be availed at half yearly and yearly intervals. In case the frequency is not specified, the top up will be processed with the default yearly frequency
4. The minimum Top-Up amount would be Rs.500/- & in multiples of Re. 1/-. In case the investor does not specify Top-Up amount, Rs.500/- will be considered as the default Top-Up amount.
5. If the end-date of the Top-up facility is not mentioned the Top-up facility will be continued till the tenure of the SIP.
6. Top - Up Limit

   Cap Amt : It is the amount at which the investor can stop the SIP Top up. The SIP will continue to be processed with the previous topped up amount.

   Cap Month and year : The investor can also select the date from which the future SIP TOP up will stop

   In case the investor chooses a limit on both amount and date, the SIP Top up will be capped as per the amt cap (Default)
7. The top up cap amount should not exceed the maximum amount as mentioned in the NACH mandate. In case the top up cap amount exceeds the maximum amount as mentioned in the NACH mandate, then the lesser amount shall be considered as the default cap amount.
8. SIP Top-up facility can be started after minimum 6 months from the date of 1st SIP. However, for investors availing SIP Top-Up facility, the maximum amount of SIP Installment including SIP Top-Up will be limited to Rs. 5,00,000/- (Rupees Five Lakhs) or the limit of bank mandate authorisation, whichever is lesser, subject to scheme specific transaction limits where applicable.
9. SIP Top-Up facility is currently available only for SIP registration and installment payments made directly with the fund and through modes like Electronic Clearing System (ECS)/Auto Debit/One Time Mandate (OTM) mode. SIP Top-Up facility is currently not available for SIP registration and installment being made by submission of Post-dated cheques (PDCs) and where SIP is registered and installments are sent through Mutual Fund Utility (MFU), MFSS system of NSE or BSE StAR MF platform of BSE or any other platforms of these stock exchanges or Channel Partners. As and when relevant systems are put in place, this facility will be automatically offered.
10. The Top-up details cannot be modified once enrolled. In order to make any changes, the investor must cancel the existing SIP and enroll for a fresh SIP with Top-up option.
11. In case the SIP top up is cancelled the SIP will continue to be processed with the last topped up amount till the SIP end date.

C SIP PAUSE FACILITY:

1. The SIP pause facility can be availed only once during the tenure of the existing SIP.
2. SIP can be paused for a minimum period of 1 month to a maximum period of 6 months
3. The request to pause the SIP should be submitted at least 25 days prior to the subsequent SIP date.
4. The SIP pause facility is applicable only for SIPs through ECS/NACH/Direct Debit
5. If the SIP Pause period coincides with the Top up month, the topped up amount shall be debited in the next installment (after the completion of the pause period).
6. The SIP pause facility can be availed only after debit of the first installment
7. The SIP pause facility will not be available for SIPs registered through Mutual Fund Utility (MFU), MFSS system of NSE or BSE StAR MF platform of BSE or any other platforms of these stock exchanges and Channel Partners or those who have standing instructions with Banks as the SIP are registered directly with them and not with the fund house.

D ANY DAY SIP

1. The investor can choose any day of the month for SIP
2. In case no SIP date is mentioned, the SIP will be processed with the cycle date of 10th of the month (Default)
3. In case the chosen date falls on a non business day the SIP will be processed on the next business day
4. In case the SIP date is not availble for the particular month, the SIP will be processed on the last day of that month.
5. The first cheque and the subsequent cheque should not fall in the same month for monthly SIP and in the same quarter in case of quarterly SIP.

INSTRUCTIONS

This application form is for Resident Investors/NRIs etc. and should be completed in English in BLOCK LETTERS & BLACK/BLUE INK only. Any overwriting/ cancellation should be countersigned by the applicants. Failing which such application forms shall be liable for rejection. Please tick (✓) in the appropriate box provided.

Please read the terms of the Scheme Information Document of the Schemes carefully before filling in the application form. All applicants are deemed to have accepted the terms subject to which this offer is being made and bind themselves to the terms upon signing the Application Form for tendering the payment. Application should be for a minimum amount specified for each Scheme/Plan/Option. The Fund reserves the right to accept/reject any application in whole or in part.

AMC will reject the application, reverse the units credited, restrain the investor from making any further investment in any of the Scheme/s of Principal Mutual Fund, recover / debit the investor's folio(s) with the penal interest and take any appropriate action against the investor in case the cheque(s) / payment instrument is /are returned unpaid by the investor's bank for any reason whatsoever.

(A) PAYMENT PROCEDURE

Resident Investor: Resident Investors may submit payment for units by cheque/demand draft, payable locally and drawn on any bank which is a member of the Bankers Clearing House located at the place where the application form is submitted.

Investors have an option to invest in multiple schemes through a single payment instruction / instrument. Also, investors could opt for multiple mode of investments (Lumpsum & SIP) through the same payment instruction/ instrument which must be drawn in favor of the "Principal Mutual Fund" and crossed "Account Payee only". Upon credit receipt, the funds will be moved into the respective scheme account, basis the amount of subscription mentioned against each scheme / mode of investment in the application form.

Applicable NAV for allotment of units shall be as per the amount of investment at the scheme level as per the application form. The same shall be in accordance with the SID of the respective scheme.

Kindly note, in case the instruction / instrument is returned unpaid for any reason, the entire subscription will be rejected. There will be no partial processing of the application.

Payment Procedures for NRIs

Repatriation Basis: Payments may be made through Indian Currency Cheques/Demand Drafts. NRI applications can also be made by submitting payments through demand drafts purchased from FCNR bank accounts or cheques drawn on NRE accounts. All cheques/drafts should be locally payable at any of the Official Point of Acceptance. All applications must be accompanied with a FIRC.

Non-Repatriation Basis: In case of NRIs seeking to apply for units on a non-repatriation basis, payments shall be made by cheques/demand drafts drawn out of NRO (Non-Resident Ordinary) accounts.

Payment Procedure - FIIs

FIIs may pay their subscription amounts by direct remittance from abroad or out of their special Non-Resident Rupee Accounts maintained with a designated bank branch in India or as may be permitted under Law. All cheques/drafts should be payable in Mumbai. Applications by FIIs should be submitted only to the Official Point of Acceptance of the Asset Management Company in Mumbai.

Payment Procedure - General

- The Asset Management Company will not accept cash / stockinvests / money order/ postal order/ credit card/ post dated account-to- account transfer instructions / post dated cheques (except through SIP)/ Outstation Cheques, for subscriptions.
- Bank charges for demand drafts will be debited to the AMC and will be limited to those stipulated by the Indian Banks Association. The Mutual Fund will not entertain any request for refund of demand draft charges.
- In case an applicant is located in a place where there is no designated Official Point of Acceptance, the completed application form with a Bank Draft/Pay Order payable at such Official Point of Acceptance for the investment amount (net of Demand Draft charges) may be forwarded to the nearest designated Official Point of Acceptance. Please note that Outstation Demand Draft that are not payable at par at the concerning Official Point of Acceptance where the application is submitted, will not be accepted.

(B) APPLICATION DETAILS

1. **Existing Unitholders:** In case of Applicant(s) who already have a Folio in Principal Mutual Fund, they can provide their folio number & first holder name in Section 1 and proceed to Section 4 of the Form. The details of such applicant(s) including details of bank account, sequence & mode of holding, address and nomination, as registered in the existing Folio number would apply to this investment and the said registered details would prevail over any conflicting information that may be furnished in this form. First Unitholders' name should be as per details in the existing folio number, else it would be liable for rejection. Where mandatory details for eg: PAN/KYC documents, local address in case of FII/NRI/PIO has not been provided/furnished earlier the same be provided alongwith this application form. Any changes in details registered with us need to be done vide a seperate application request.

2 If the broker name & code is left blank, the application shall be treated as direct.

3. Please write application serial number and name on the reverse of the cheque/demand draft.

4. The applicants name and address including PIN Code number must be given in full (post box number alone is not sufficient).

5. In case the investor is a NRI/FII, an overseas address should also be provided, along with the local address. However, all correspondence shall be sent to the local address. Where local address is not provided the application is liable for rejection.

   Note: Following person(s) shall not be permitted to make any fresh purchases/additional purchases/switches in any schemes of Principal Mutual Fund (a) "United States Persons" within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission or as defined under Foreign Account Tax Compliance Act (FATCA) or as defined under any other extant laws of the United States of America or as per such further amended definitions, interpretations, legislations, rules etc, as may be in force from time to time; or (b) residents of Canada.

   If an existing investor subsequently becomes a resident of U.S. or Canada, then such investor will not be able to purchase any additional units of the schemes of Principal Mutual Fund.

6. If the account has more than one (upto three) Unitholder, the account will be registered either as 'joint' or 'either/anyone or survivor' basis, as specified. If nothing is specified the default mode of holding will be 'joint'.

7. It is expressly understood that the investor/Unitholder has the express authority from the relevant constitution (wherever required) to invest in units of the Fund and the AMC/ Trustee/ Fund would not be responsible if the investment is ultravires the relevant constitution.

8. All communications and payments will be made to the first applicant.

9. Signatures should be in English or in any Indian language as specified in the Eighth Schedule of the Constitution of India. Thumb impressions must be attested by a Magistrate/Notary Public under his/her official seal. In case of HUF, the Karta should sign on behalf of the HUF. In case of Partnership firms, the authorised Partner will sign on behalf of the firm.

   Similarly, for the Association of Persons (AOP)/Company, the application must be signed by the Authorised Signatory(s).

10. **Direct Plan:** In accordance with SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, effective January 1, 2013, Direct Plan has been launched under all the open ended Schemes/Plans of Principal Mutual Fund (Except which has been closed for further subscription). "Direct Plan" is only for investors who purchase/subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor. All Options / Sub-Options/facilities offered under the Regular Plan of the Scheme are available for subscription under Direct Plan. Further, Scheme characteristics such as Investment Objective, Asset Allocation Pattern, Investment Strategy, Risk Factors, facilities offered and terms and conditions will be the same for the Regular Plan and the Direct Plan except that, Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc. and no commission for distribution of Units will be paid/ charged under Direct Plan.

    All categories of investors (whether existing or new Unitholders) as permitted under the Scheme Information Document of the respective Schemes are eligible to subscribe under Direct Plan. Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund {except Stock Exchange Platform(s) and all other Platform(s) where investors' applications for subscription of units are routed through Distributors}.

    Refer table below for understanding the result for various options selected by the investor for applications-

Scenario	Broker Code mentioned by the investor the investor	Plan mentioned by to be captured	Default Plan
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan
3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

    As mentioned above Investors should indicate the Plan for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form.

    In cases of wrong/invalid/incomplete ARN codes mentioned on the application form, the application shall be processed under Regular plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/distributor. In case, the correct code is not received within 30 calendar days, the AMC will reprocess the transaction under Direct plan from the date of application without any exit load.

11. **Minor Applicants**

    (a) The minor shall be the first and the sole holder in an account. There shall not be any joint accounts with minor as the first or joint holder. **(b)** Only Natural Guardian (i.e. Father or Mother) or Court Appointed Legal Guardian shall be permitted. **(c)** As a mandatory requirement a photocopy of Supporting document evidencing relationship of Guardian with Minor and Date of Birth of Minor is to be submitted along with the Application Form. Such Document can be a copy of Birth Certificate of the Minor, School Leaving Certificate / Mark sheet issued by Higher Secondary Board of Respective States, ICSE, CBSE etc. or Passport of the Minor or such other suitable proof evidencing the relationship with the Minor and the date of birth, duly attested by a Gazetted Officer or Bank Manager. **(d)** In case of Legal Guardian, supporting documentary evidence shall be submitted duly attested by a Gazetted Officer or Bank Manager. **(e)** To facilitate the processing of redemption requests, Investors are advised to ensure that the Guardian to the Minor Account/ Folio and to the Bank Account - as provided are one and the same person. (f) Minor Applicants are not eligible to Nominate. **(g) Effective the date of Minor attaining Majority, no financial and non-financial transactions including fresh registration of Systematic Investment Plans (SIPs), Systematic Transfer Plans (STPs), Systematic Withdrawal Plans (SWPs) etc. shall be permitted, till such time a duly filled in "Service Request Form" along with mandatory enclosures are duly received at the OPT and status of the Folio/ Account is updated from "Minor" to "Major" by the AMC/Registrar. Further information/ requirements in this regard are provided on www.principalindia.com or you may also visit any of our OPT nearest to you.**

12. In case of an application under a Power of Attorney or by a limited company, body corporate, registered society, Trust or partnership, the relevant power of attorney or the relevant resolution of authority to make the application or the Trust Deed or Partnership Deed as the case may be, or duly certified copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or bye-laws should be submitted along with the Application Form.

13. **Allotment of Units in Demat Mode/demat Account Details -**

    Applicant who wishes to apply for allotment of units in electronic form must: (a) have a demat account with National Securities Depository Limited or Central Depository Services (India) Ltd. prior to making the application (b) fill the demat account number and DP ID details in relevant section provided in the Application Form (c) Ensure that the name(s) in the application are identical to those appearing in the account details with the DP. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository. For allotment in electronic form, units will be credited directly in the demat account of the investor. In case of incorrect/incomplete details, allotment of units will be made in physical form.

14. **Transaction Charges**

    In accordance with SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, Principal Pnb Asset Management Company Private Limited (PAMC)/Principal Mutual Fund (PMF) shall deduct Transaction Charges on purchase / subscription received from the Investors through Distributors/Agents (who have opted to receive the transaction charges) as under :

    (i) First Time Mutual Fund Investor (across Mutual Funds): Transaction charge of ₹ 150/- for subscription of ₹ 10,000 and above will be deducted from the subscription amount and paid to the Distributor/Agent of the first time investor and the balance shall be invested.

    First time investor in this regard shall mean an Investor who invests for the first time ever in any Mutual Fund either by way of Subscription or Systematic Investment Plan.

    (ii) Investor other than First Time Mutual Fund Investor : Transaction charge of ₹ 100/- per subscription of ₹ 10,000 and above will be deducted from the subscription amount and paid to the Distributor/Agent of the investor and the balance shall be invested.

    (iii) Systematic Investment Plan (SIP) : Transaction Charges in case of investments through SIP shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of installments) amounts to ₹ 10,000/- or more. The Transaction Charges shall be deducted in 3-4 installments

    (iv) Transaction charges shall not be deducted for:

    (a) purchases /subscriptions for an amount less than ` 10,000/-;

    (b) transaction other than purchases/subscriptions relating to new inflows such as Switch/ Systematic Transfer Plan/Sweep facility under the Dividend Option of the Scheme(s) etc.;

    (c) purchases/subscriptions made directly with PMF (i.e. not through any Distributor/ Agent);

    (d) transactions routed through Stock Exchange route.

    Statement of Account issued to such Investors shall state the net investment as gross subscription less transaction charge and mention the number of units allotted against the net investment.

    Further, in accordance with SEBI Circular No. SEBI/IMD/CIR/No.4/168230/09 dated June 30, 2009, upfront commission to Distributors/Agents shall be paid by the Investor directly to the Distributor/Agent by a separate cheque based on his assessment of various factors including the service rendered by the Distributor/Agent.

INSTRUCTIONS (CONTD.)

(C) BANK DETAILS

This requirement is mandatory and applications without complete bank details are liable to be rejected. The Mutual Fund/Asset Management Company will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/loss in transit.

Where the requisite information pertaining to the Unitholder's Bank Account is available with AMC/Mutual Fund, the AMC/Mutual Fund at its sole discretion will endeavour to credit the redemption / dividend proceeds directly to the Unitholders Bank account instead of issuing payment instrument. Similarly, the Mutual Fund/AMC, also reserves the right to issue a payment instrument despite of an Investor opting for Electronic Payment.

The investor will not hold the Mutual Fund or the AMC or the Registrar responsible for any nonreceipt or delay of receipt of redemption & dividend proceeds due to any negligence or deficiency in service by the bank executing direct credits/RTGS/NEFT, or due to incorrect bank account details provided by the Investor.

For Minor Applicants, to facilitate the processing of redemption requests, Investors are advised to ensure that the Guardian to the Minor Account / Folio and to the Bank Account - as provided are one and the same person.

(I) Third Party Payments:

Asset management Companies (AMCs) shall not accept subscriptions with *Third-Party payments except in the following exceptional situations:

- Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ₹ 50,000/- (each regular purchase or per SIP installment). However, this limit of ₹ 50,000/- will not be applicable for payments made by a Guardian whose name is registered in the records of Principal Mutual Fund for the concerning Folio.
- Payment by Employer on behalf of employee under Systematic Investment Plans OR lumpsum/ one time subscription, through Payroll deductions or deductions out of expense reimbursements.
- Payment by Corporate to its agent/distributor/dealer (similar arrangement with Principal agent relationship), on account of commission/incentive payable for sale of its goods/ services, in the form of Mutual Fund units through Systematic Investment Plans or lump sum/one time subscription.
- Custodian on behalf of an FII or a client.
- Payment by AMC to a Distributor empanelled with it on account of commission/incentive etc. in the form of Mutual Fund Units of the Funds managed by the AMC through SIP or lump sum/one time subscription.

*Third Party Payment shall mean those payment made through instruments issued from an account other than that of the beneficiary investor. However, in case of payments from a joint bank account, the first holder of the mutual fund folio should be one of the joint holders of the bank account from which payment is made.

In case of exceptional situations as above, additional documents shall be mandatorily enclosed along with the Subscription Application:

a) KYC acknowledgement letter for Investor (Guardian in case of minor) and the person making the payment.

b) "Third Party Declaration Form" from the Investor and the person making the payment, giving details of the bank account from which the payment is made and the relationship with the beneficiary.

Investor along with the subscription application must provide the details of his pay-in bank account (i.e. account from which a subscription payment is made) and his pay-out bank account (i.e. account into which redemption / dividend proceeds are to be paid). In case an investor has multiple accounts, he should register them with the AMC (refer section here below on "Multiple Bank Accounts"). Only Pay-in from such registered bank accounts shall be treated as First party payments.

Additionally, in case of following mode of payments below stated documents should be enclosed with the subscription application:

a) **Demand Draft / Pay Order, Banker's Cheque and the like:** Certificate from the Issuing Banker, stating the Account holder's name and the Account number which has been debited for issue of such instrument.

As directed by AMFI, a copy of acknowledgement from the Bank wherein the instructions to debit the Investor's bank account for the purpose of issuing Demand Draft / Pay Order and name of the Investor as an account holder are available OR copy of pass book/bank statement evidencing the debit for issuance of a Demand Draft / Pay Order, shall also be accepted by the Mutual Fund.

b) **Demand Draft / Pay Order and the like issued against cash by the Bank [for an investment amount less than ` 50,000/- only]:** Certificate from the Banker giving name, Address, Bank Account Number and PAN (if available) of the person who has requested for the demand draft.

c) **Payment vide RTGS, NEFT, ECS, Bank Transfer, etc:** copy of the instruction to the bank stating the account number debited must accompany the purchase application.

In case of payments received from a Bank Account which is not registered and the first unitholder's name is not preprinted on the payment cheque or wherein the bank mandate mentioned in the application form by the investor for effecting payouts is not the same as the bank account from which the investment is made, any one of the following documents in relation to the bank mandate shall be submitted by the investor along with the application form to validate that the bank mandate belongs to the investor:

i. Cancelled original cheque having first holder name pre-printed on the cheque;

ii. Original bank statement (with transaction entries not older than 3 months) reflecting the first holder name, bank account number and bank name as specified in the application form;

iii. Photocopy of the bank statement/bank passbook (with transaction entries not older than 3 months) reflecting the first holder name, bank account number and bank name as specified in the application form, duly attested by the bank manager and bank seal;

iv. Confirmation by the bank manager with seal on the bank's letterhead confirming the investor details and bank mandate information as mentioned in the application form.

If the documents are not submitted with the application, the fund reserves the right to reject the application without any liability whatsoever or call for additional details, at its discretion.

AMC can directly credit all the dividend payouts and redemption amount to investor's bank account, where AMC has such arrangement with the investor's Bank.

Where, post verification it is found that the payment, in any mode, is not made from a registered bank account or is made from an account where the first named unit holder in not an Account holder/ one of the account holder in case of Joint Bank Account, the AMC/R&T, reserves the right to reject the transaction / subscription application, without any liability.

Additionally, in order to prevent fraudulent practices, Investors are urged to make the payment instruments (cheque / Demand draft / Pay Order etc.) favouring **"Name of the Scheme A/c. First Investor Name"** OR **"Name of the Scheme A/c. Permanent Account Number"** OR **"Name of the Scheme A/c. Folio Number"**.

For Declaration format contact any of our Investor Service Centre or visit our website www.principalindia.com

(II) Multiple Bank Accounts:

Unitholders shall have the facility to register multiple bank accounts at folio level - upto a maximum of 5 Bank Accounts in case of Individual and HUF Investor and 10 Bank Accounts in case of Non Individual Investor.

Such facility can be availed by submitting duly filled in "Multiple Bank Account Registration form" at the Investor Service Centre closest to you, along with copy of any one of the following documents:

a) Cancelled cheque leaf of the bank account which has to be registered [the account number and name of the first unitholder should be printed on the cheque leaf];

b) Bank Statement / Pass Book with the account number, name of the Unitholder and Address;

c) Bank letter / certificate on its letter head certifying the account holder's name, account number and branch address [Such letter / certification should be certified by the Bank Manager with his/ her full name, signature, employee code.]

Investors should also present the Original of the above Document submitted along with the subscription application, and such original document shall be returned across the Counter post due verification. Subsequent, to successful registration of multiple bank accounts, Investors can select any of the registered bank accounts in the application form for the purpose of subscriptions, redemption and dividend proceeds. Investor shall also have the option to register any one of their account as a default bank account for credit of redemption /dividend proceeds.

Further an Investor may also opt to delete a registered default bank account; however, such deletion of a default bank account shall be permitted only if the Investor registers another registered account as a default account. In the event of rejection of such registration application for any reason, the redemption/ dividend proceeds shall be processed as per specified service standards and the last registered bank account information in the records of Registrar & Transfer Agent - Karvy Computershare Private Limited, will be relied upon and used for such payments. It is clarified that any unregistered or new bank account forming part of redemption request shall not be entertained or processed. Further, for any change in Bank Mandate request received/processed few days prior to the submission of a redemption request or on the same day as a standalone change request, AMC will continue to follow cooling off period of 10 calendar day for validation of the same.

For Application Form and details, please refer www.principalindia.com and Statement of Additional Information.

- **E-mail Communication:** Account Statements / Newsletters / Annual Reports / Other statutory information (as may be permitted under SEBI (Mutual Funds) Regulations, 1996) can be sent to each Unit holder by e-mail (where provided by the investor) or by courier/ post, where e-mail ID is not provided.

  Unit holders receiving these documents by e-mail will be required to download and print the documents after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the electronically delivered documents, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to deliver such document through alternative means. It is deemed that the Unit holder is aware of all security risks including possible third party interception of the documents and contents of the documents becoming known to third parties.

- **RTGS/NEFT/DIRECT CREDIT:** Investors will be paid their Dividend/Redemption amounts electronically through RTGS/NEFT/Direct Credit, wherever the complete details like IFS Code, NEFT Code and complete bank account number details are available. RTGS/NEFT will be the preferred mode for remitting the payments.

  Please verify and ensure the accuracy of the bank details provided above as it shall appear in your account statement which shall be issued to you should your application be accepted. Principal Mutual Fund shall not be held responsible for delays or errors in processing your request if the information provided is incomplete or inaccurate.

(D-a) KYC REQUIREMENTS

As per SEBI directive, the requirement for submitting PAN details for all investments of Mutual Funds is mandatory for all investors [including Non-Resident Indians] irrespective of the amount of transaction involved [Except for SIP upto ₹ 50,000/- per year per investor (Micro SIP)].

Where the person making an application is minor and who does not have any income chargeable to income-tax, he shall quote the PAN of his/her father or mother or guardian, as the case may be. As directed by SEBI, on submission of sufficient documentary evidence, submission of PAN shall not be insisted in case of Central Government, State Government and the officials appointed by the Courts e.g. official liquidator, court receiver etc. (under the category of Government) and residents of Sikkim while investing in Mutual Funds. The exemption from mandatory PAN requirement will apply to transactions undertaken on behalf of Central and State Government and not to the transactions of the employees of Central and State Government in their personal capacity. It may be further noted that these "Customer Identification Procedures" form part of the Know Your Customer ("KYC") process laid down under the relevant SEBI circular(s) issued from time to time.

With effect from 1st January, 2011, KYC (Know Your Customer) norms are mandatory for ALL investors for making investments in Mutual Funds, irrespective of the amount of investment.

Investors shall mean to include (i) their constituted Power of Attorney (PoA) holder, in case of investments through a PoA (both issuer of PoA & PoA holder must attach KYC Acknowledgement) and (ii) each of the applicants, in case of application in joint names (iii) Guardian in case of minor.

Further, to bring uniformity in KYC process, SEBI has introduced a common KYC procedure across all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes etc. All new Investors who are not KYC compliant are required to use common KYC Application Form to apply for KYC process and to mandatorily undergo In Person Verification(IPV) with any of the SEBI registered Intermediaries including Mutual Funds. With respect to Mutual Funds, IPV can be conducted by AMCs or any KYC compliant Mutual Fund Distributor who holds AMFI/NISM, certification. Further, for applications received directly by the Mutual Fund, IPV carried out by Scheduled Commercial Banks can also be relied upon. Investor upon completing KYC requirements(including IPV) through any of the SEBI registered Intermediary, will not be required to undergo KYC process again with such Intermediaries including Mutual Funds.

AMFI vide circular dated December 22, 2016 has prescribed new CKYC forms which shall be applicable for prospective customers. Accordingly with effect from February 1, 2017, any new customer who has not done KYC earlier shall fill the new CKYC & KRA-KYC form. If such new customer wishing to invest and get KYC done has filled up old KRA KYC form, such customer would also have to fill a Supplementary CKYC Form or fill the new CKYC-KRA KYC form. The forms are available on the website of the fund, viz. www.principalindia.com and at the official points of acceptance of transactions of the AMC. The KYC requirements shall be governed by SEBI Circulars/ notifications and AMFI Guidelines which may change from time to time.

As per the new **KYC** norms, once the customer completes the CKYC process with an entity authorized to conduct KYC, i.e. CERSAI , the customer will be able to invest in all the financial products including Mutual Funds using the 14 digit KYC Identification Number (KIN) issued by CKYCR. The individual investor who have already completed CKYC and has a **KYC Identification Number (KIN)** can invest in the fund quoting their 14 digit KIN. Since PAN is mandatory to invest in Mutual Fund, if the PAN has not been updated in CKYCR **(Central KYC records Registry)** system, individual investor should submit a self-certified copy of PAN card to invest in the scheme.

AMC reserves the right to conduct fresh KYC of the investors or undertake enhanced KYC measures commensurate with the risk profile of the Investor. Further, AMC/Principal Trustee Co. Pvt. Ltd./Principal Mutual Fund reserves the right to reject the application forms for transactions in units of PMF not accompanied by letter/acknowledgement issued by the KRA. The KYC compliance status will be validated with the records of the KRA before allotting units.

Existing KYC compliant Investors of Principal Mutual Fund can continue to transact as per the current practice. However, existing investors are urged to comply with new KYC requirements including IPV as mandated by SEBI.

INSTRUCTIONS (CONTD.)

All applications without PAN details and KYC requirements, are liable to be rejected, unless exempted.

(D-b)UPDATION OF AADHAAR:

In accordance with the amendment to Prevention of Money Laundering Act (PMLA) Rules, 2017 dated June 1, 2017, Mutual Funds are mandated to obtain Aadhaar Number ("Aadhaar") from their investors and link the same to his/her/their respective folios. As per the new rules linking of Aadhaar with Mutual Fund investments is mandatory, for all the Unit holders. Failing which, the folios may be made inoperative. Accordingly, the investors are requested to note the following:

- Every individual applicant shall submit the Aadhaar number.
- Non-individual applicants, Aadhaar number(s) issued to managers, officers or employees holding an attorney to transact shall be submitted.
- The applicants intending to hold units allotted in dematerialized mode, shall update the Aadhaar details in their Demat Accounts held with depository participants. The purpose of collection/usage of Aadhaar including demographic information is to comply with applicable laws / rules / regulations and provision of the said data is mandatory as per applicable laws / rules / regulations. Post obtaining Aadhaar, Principal Pnb AMC/Fund/RTA shall authenticate the same in accordance with the Aadhaar Act, 2016. Principal Pnb AMC/Fund/RTA shall receive investor's demographic information which shall be used only to comply with applicable laws / rules / regulations. Submission of Aadhaar details does not warranty linking of Aadhaar in the investor Folios. The request for Aadhaar updation will be subject to:
- Aadhaar details provided is correct;
- Investor name & Date of Birth to be mentioned should be identical to that appearing in Aadhaar.
- Investor details matching with details available with UIDAI;
- Authentication with UIDAI database & other required validations is successful.
- Aadhaar will be updated in ALL his / her/their foilo(s) held with the Fund, where PAN is already registered.

(E) NOMINATION:

(1) Nomination shall be maintained at a Folio/Account level and shall be applicable for all investments for the Schemes in the Folio/Account. (2) The nomination can be made only by individuals applying for holding units on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. (3) In case of Sole Applicants, it is strongly recommended to provide a Nominee. (4) A Minor Applicant shall not be permitted to Nominate. (5) In case the Unitholders do not wish to nominate, it is mandatory to confirm their non intention to nominate by signing in the nomination section, failing which the form may be rejected at the discretion of the AMC/Fund. (6) If the units are held jointly, all joint holders will sign the nomination section. If there are more than one joint holder additional forms may be used for signatures of the holders of units and witnesses. (7) A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unit holder. Nomination can also be in favour of the Central Government, State Government, Local authority any person designated by virtue of his office or a religious or charitable trust. (8) The Nominee shall not be a trust other than religious/charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time. (9) Nomination in respect of the units stands rescinded upon the transfer of units. (10) Transfer of units in favour of a Nominee shall be valid discharge by the Asset Management Company against the legal heir. (11) The 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. Every new nomination for a folio/account will overwrite the existing nomination. (12) On cancellation of the nomination, the nomination shall stand rescinded and the Asset Management Company shall not be under any obligation to transfer the units in favour of the Nominee.

(F) BENEFICIAL OWNER:

1. Pursuant to guidelines on identification of Beneficial Ownership issued vide SEBI circular no. CIR / MIRSD / 2/2013dated January 24, 2013, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO').
2. The applicant Investor(s) has/have to confirm that the units applied, upon allotment would be beneficially owned by them by ticking the appropriate response. In case the section is left blank, it shall be deemed that the Applicant Investor(s) is /are the Beneficial owner.
3. In case the applicant investor(s) selects "No" (i.e. the applicant Investor does not have beneficial interest in the units), he should specify the name of the beneficial owner as well.

   Where the applicant investor does not have beneficial ownership of units applied for or where the information is not fully provided, AMC may ask for further information/documents (including PAN/KYC acknowledgement) from applicant investor(s) or pertaining to the beneficial owner and/or reject the application or reverse the unit allotment or freeze the folio for further transactions / requests, till specified conditions are complied.

   The Ultimate Beneficial Owner means 'Natural Person', who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest of / entitlements to: i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company; ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is a unincorporated association or body of individuals. In case of a Trust, the settler of the trust, the trustees, the protector, the beneficiaries with 15% or more of interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership is considered as the UBO. Non-Individual investors who are not the ultimate beneficial owners of the investments, must mandatorily enclose a Declaration for Ultimate Beneficial Ownership duly signed by the authorized signatory along with the purchase application for units of schemes of Principal Mutual Fund. The provisions w.r.t. Identification of UBO are not applicable to the investor or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company.

   In cases where there exists doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity details should be provided of the natural person who is exercising control over the juridical person through other means (i.e. control exercised through voting rights, agreement, arrangements or in any other manner). However, where no natural person is identified, the identity of the relevant natural person who holds the position of senior managing official should be provided.

Applicability for foreign investors:

The identification of beneficial ownership in case of Foreign Institutional Investors (FIIs), their sub-accounts and Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / Reserve Bank of India may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012.

This Declaration form must mandatorily be accompanied with

Authorized signatory list of the investor, PAN copy of the investor, PAN copy of each of the beneficial owners, KYC acknowledgement.

All enclosures to this declaration form must be presented in original for verification, else the declaration from will not be accepted

(G) EMPLOYEE UNIQUE IDENTIFICATION NUMBER (EUIN):

EUIN is an unique identification number granted to the employee of Corporate ARN holders. This unique identity number helps to capture the details of employee/relationship manager/sales person of the Distributor who has interacted with the Investor for sale of Mutual Fund Products. Capturing EUIN will help curb mis-selling of Mutual Fund Products, prevent fraudulent practices and will help the Mutual Fund to know the personnel on whose advice the transaction was executed and take suitable action, even if the employee/relationship manager/salesperson quits the Company, particularly in an advisory transaction. In case EUIN field is left blank, it would be assumed that the Investor agrees to the declaration provided in bold in the section "Distributor Information & Application Form Receipt Date". Investors are requested to mandatorily sign at the space allocated in the section, as a token of having read and understood the declaration.

(H) PRIVACY POLICY:

Privacy policy of the Asset Management Company (AMC) is hosted on our website - www.principalindia.com and Investors are requested to kindly read the same. For the purpose of processing the application AMC collects personal information / sensitive personal data or information from the Investor such as, but not limited to Name, Address (Physical/E-mail), Phone Number, Date of Birth, Folio/Account Information, Transaction Information, Bank Account (Debit Card/Credit Card Information, PAN details, KYC status documents etc. AMC does not disclose any non-public personal information or sensitive personal data or information about Investors/former Investors to anyone, except as specified in the Privacy Policy or required under the applicable statutory /regulatory provisions, or as called upon by any Statutory Authority/Agency, or as necessary to provide and offer it services and products or otherwise consented by the Investor. If the Investor requires or has consented, such personal information or sensitive personal data or information may also be shared with Associates/Group companies of AMC, enabling them to offer their services and products. However, AMC may disclose all of the information collected with respect to the Investor, to certain Affiliates, Business Partners, Service Providers, Vendors that provide service to us and certain non-affiliated third parties such as, but not limited to, attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards, post entering into contractual agreements with such third parties that prohibit such third parties from disclosing/ using such personal information or sensitive personal data or information other than to carry out the purposes for which such personal information or sensitive personal data or information has been disclosed.

(I) FATCA & CRS TERMS & CONDITIONS INDIVIDUAL:

(**Note:** The guidance Note / notification issued by the CBDT shall provail in respect to interpretation of the terms specified in the form)

Details under FATCA & CRS: The Central Board of Direct Taxes has notified Rules 114F to 114H, as part of the Income-tax Rules, 1962, which Rules require Indian financial institutions such as the Bank to seek additional personal, tax and beneficial owner information and certain certifications and documentation from all our account holders. In relevant cases, information will have to be reported to tax authorities/appointed agencies.

Should there be any change in information provided by you, please ensure you advise us promptly, i.e., within 30 days. Please note that you may receive more than one request for information if you have a multiple relationship with (insert FI's Name) or its group entities threfore, it is important that you respond to our request, even if you believe you have already supplied any previously requested information.

Towards compliance with tax information sharing laws, such as FATCA, we would be required to seek additional personal, tax and beneficial owner information and certain certifications and documentation from our account holders. Such information may be sought either at the time of account opening or any time subsequently. In certain circumstances (including if we do not receive a valid self-certification from you) we may be obliged to share information on your account with relevant tax authorities. If you have any questions about your tax residency, please contact your tax advisor. **Should there be any change in any information provided by you, please ensure you advise us promptly, i.e., within 30 days.** Towards compliance with such laws, we may also be required to provide information to any institutions such as withholding agents for the purpose of ensuring appropriate withholding from the account or any proceeds in relation thereto. As may be required by domestic or overseas regulators/ tax authorities, we may also be constrained to withhold and pay out any sums from your account or close or suspend your account(s). If you are a US citizen or resident or green card holder, please include United States in the foreign country information field along with your US Tax Identification Number. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Please note that you may receive more than one request for information if you have multiple relationships with the AMC or its group entities. Therefore, it is important that you respond to our request, even if you believe you have already supplied any previously requested information. For more information on the relevant sections covered above, please refer the updated Scheme Information Document and Statement of Additional Information.

FATCA Instructions & Definitions - Non-individual:

1. **(I) Financial Institution (FI) -** The term FI means any financial institution that is a Depository Institution, Custodial Institution, Investment Entity or Specified Insurance company, as defined.

   (II) Depository institution is an entity that accepts deposits in the ordinary course of banking or similar business.

   (III) Custodial institution is an entity that holds as a substantial portion of its business, holds financial assets for the account of others and where it's income attributable to holding financial assets and related financial services equals or exceeds 20 percent of the entity's gross income during the shorter of-

   (a) The three financial years preceding the year in which determination is made; or

   (b) The period during which the entity has been in existence, whichever is less.

   (IV) Investment entity is any entity:

   (a) That primarily conducts a business or operates for or on behalf of a customer for any of the following activities or operations for or on behalf of a customer:

   (i) Trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading; or Individual and collective portfolio management; or

   (ii) Investing, administering or managing funds, money or financial asset or money on behalf of other persons;

   (b) The gross income of which is primarily attributable to investing, reinvesting, or trading in financial assets, if the entity is managed by another entity that is a depository institution, a custodial institution, a specified insurance company, or an investment entity described above. An entity is treated as primarily conducting as a business one or more of the 3 activities described above, or an entity's gross income is primarily attributable to investing, reinvesting, or trading in financial assets of the entity's gross income attributable to the relevant activities equals or exceeds 50 percent of the entity's gross income during the shorter of:

   (i) The three-year period ending on 31 March of the year preceding the year in which the determination is made; or

   (ii) The period during which the entity has been in existence.

   The term "Investment Entity" does not include an entity that is an active non-financial entity as per codes 04, 05, 06 and 07 - refer point 2c.)

   (V) Specified Insurance Company: Entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

   (VI) FI not required to apply for GIIN: Refer Rule 114F (5) of Income Tax Rules, 1962 for the conditions to be satisfied as "non-reporting financial institution and Guidance issued by CBDT in this regard.

For more details on FATCA, please refer to FATCA form available on www.principalindia.com

Principal® Mutual Funds

Investment Manager: Principal Pnb Asset Management Company Private Ltd. (AMC),
Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, India
Principal Mutual Fund: Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, India.

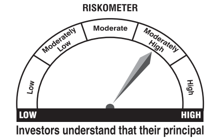
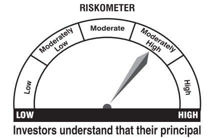
KEY INFORMATION MEMORANDUM & APPLICATION FORM

[OFFER OF UNITS AT APPLICABLE NAV BASED PRICES]

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document (SID) of the respective schemes and Statement o Additional Information (SAI) available free of cost at any of the Investor Service Centres or distributors or from the website www.principalindia.com. The aforesaid SID & SAI are to be read with the addendums, if any issued by the Fund from time to time.

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

This KIM is dated as on 24th November, 2017

<table>
<tr><td>Scheme Name</td><td>PRINCIPAL TAX SAVINGS FUND
(An Open-ended Equity Linked Savings Scheme)</td><td>PRINCIPAL PERSONAL TAX SAVER FUND^
(An Open-ended Equity Linked Savings Scheme)</td></tr>
<tr><td>Investment Objective</td><td>To build a high quality growth-oriented portfolio to provide long-term capital gains to the investors. The scheme aims at providing returns through capital appreciation.</td><td>The investment objective of the scheme is to provide long term growth of capital. The Investment Manager will aim to achieve a return on assets in excess of the performance of S&P BSE 100 Index.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking~
• Long term Capital Growth with a three year lock-in.
• Investment in equity & equity related securities including equity deri-vatives of companies across market capitalization.
~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Investors understand that their principal will be at moderately high risk</td><td>This product is suitable for investors who are seeking~
• Long term Capital Growth with a three year lock-in.
• Investment in equity & equity related securities including equity derivatives of large capitalization Companies.
~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Investors understand that their principal will be at moderately high risk</td></tr>
<tr><td>Asset Allocation Pattern of the Scheme</td><td colspan="2">Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th>Types of Instruments</th><th>Normal Allocation % of Net Assets</th><th>Risk Profile</th></tr>
<tr><td>Equity and Equity Linked Instruments</td><td>Not less than 80%</td><td>High</td></tr>
<tr><td>Debt securities (*including securitised debt) & Money market instruments</td><td>Upto 20%</td><td>Low to Medium</td></tr>
</table>
The Scheme may invest upto 50% of the net assets of the Scheme in derivatives.
* Investment in Securitised Debt may be up to 20% of the net assets of the Scheme.
The AMC further reserves the right to invest in foreign securities and derivatives subject to SEBI/RBI or any other Regulatory Authorities permitted from time to time.</td></tr>
<tr><td></td><td>Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.</td><td>Subject to the SEBI Regulations, the Mutual Fund may deploy upto 40% of its total net assets of the Scheme in Stock Lending.</td></tr>
<tr><td>Differentiation with existing open ended equity schemes (as at October 31, 2017)</td><td colspan="2">Please refer to point no. 8 on page no. 17 to 22</td></tr>
<tr><td>Risk Profile of the Scheme</td><td colspan="2">Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:
Prices of equity securities rise and fall in response to a number of factors including events that impact entire financial markets or industries (for example, changes in inflation or consumer demand) as well as events impacting a particular issuer (for example, news about the success or failure of a new product). The Securities purchased by the Scheme present greater opportunities for growth because of high potential earnings growth, but may also involve greater risks than securities that do not have the same potential. The Scheme may invest in companies with limited product lines, markets or financial resources. As a result, these securities may change in value more than those of larger, more established companies. As the value of the securities owned by the Scheme changes, the Scheme unit price changes. In the short-term, the price can fluctuate dramatically. As with all Mutual Funds, as the value of the scheme's assets rise and fall, the Scheme unit price changes. If the units are redeemed when their value is less than the price paid for, money may be lost by the unitholder.</td></tr>
<tr><td>Risk Mitigation Factors</td><td colspan="2">Please refer to point no. 1 on page no. 17</td></tr>
<tr><td>Investment Plans & Options</td><td>Regular Plan & Direct Plan. Both the Plans offer Growth & Half Yearly Dividend Option (W.e.f. September 11, 2017)</td><td>Regular Plan & Direct Plan. Both the Plan offers Growth Option.</td></tr>
<tr><td>Investment Strategy</td><td>The scheme will invest its assets in a portfolio of equity and equity related instruments. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. The aim will be to build a diversified portfolio across major industries and economic sectors by using "fundamental analysis" as its selection process.</td><td>The strategy will be to allocate the assets of the Scheme between permissible securities in line with the portfolio profile described above, with the objective of achieving capital appreciation. The actual percentage of investment in various securities will be decided by the Fund Manager(s) within the limits specified in the Investment Pattern after considering the macroeconomic conditions including the prevailing political conditions, the economic environment (including interest rates and inflation) and to adhere to the need for a diversified portfolio in accordance with the applicable guidelines. The Fund Managers will follow an active investment strategy depending on the market situation and opportunities available at various points of time.</td></tr>
<tr><td>Applicable NAV (after the scheme opens for repurchase and sale)</td><td colspan="2">Please refer to point no. 2 on page no. 17</td></tr>
<tr><td>Minimum Application Amount / Number of Units</td><td colspan="2">
<table>
<tr><th>Purchase</th><th>Additional Purchase</th><th>Repurchase</th></tr>
<tr><td>₹ 500 and any amount thereafter</td><td>₹ 500 and any amount thereafter</td><td>₹ 500/- or 50 units</td></tr>
</table></td></tr>
<tr><td>Despatch of Repurchase (Redemption) Request</td><td colspan="2">Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund.</td></tr>
<tr><td>Comparison of open-ended schemes</td><td>The scheme initially launched as Tax I-NIT'96 by IDBI Mutual Fund is an open ended equity linked savings scheme which seeks to identify stocks which can provide capital appreciation in the long term. Investments in the scheme are eligible for tax benefit under section 80C of Income Tax Act 1961.</td><td>The scheme was initially launched by Sun F&C Mutual Fund and subsequent to requisite approvals certain select schemes of Sun F&C Mutual Fund - including this scheme - were taken over and migrated into Principal Mutual Fund. This scheme being is an open ended equity linked savings scheme provides an opportunity to investors to claim tax benefit under section 80C of the Income Tax Act, 1961. Investments in the scheme are subject to a statutory lock in of 3 years.</td></tr>
<tr><td>Dividend Policy</td><td>Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.</td><td>NA</td></tr>
<tr><td>Benchmark Index</td><td>S&P BSE 200 Index</td><td>S&P BSE 100 Index</td></tr>
</table>

^Fresh sale of units i.e. by way of purchase/ Switch-ins and registration of fresh SIP arrangement under the Scheme is suspended till further notice.

Fund Manager & Managing the Current Fund from	Mr. P.V.K. Mohan - September 2010 (Tenure of the Fund Manager - 7 years 2 months)	Mr. P.V.K. Mohan - July 2017 (Tenure of the Fund Manager - 4 months)
Total Investment Experience	24 years	24 years
Name of the Trustee Company	Principal Trustee Company Private Limited	

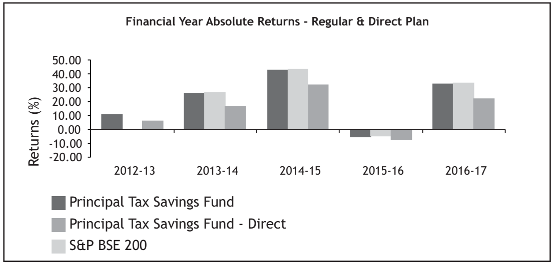
Performance of the Scheme (as on October 31, 2017)

Returns (%) of Regular Plan and Direct Plan as on October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	29.95	20.77	30.29	20.77
Last 3 Years	16.60	10.20	17.12	10.20
Last 5 Years	22.71	14.81	NA	14.81
Since Inception*	17.47	12.67	21.32	13.50

* Regular Plan - March 31, 1996 Direct Plan - January 2, 2013.
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis assuming that all payouts have been reinvested at the then prevailing NAV.

Absolute Returns for each financial year for the last 5 years

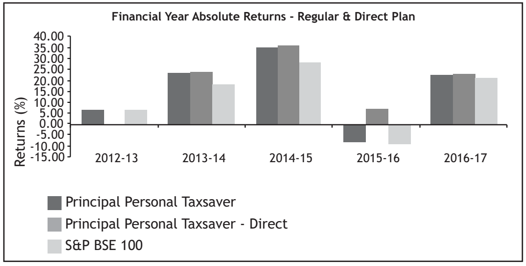


Returns (%) of Regular Plan and Direct Plan as on October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	18.71	20.55	19.44	20.55
Last 3 Years	10.95	8.72	11.66	8.72
Last 5 Years	16.45	13.89	NA	13.89
Since Inception*	20.86	12.19	15.77	12.61

* Regular Plan - March 31, 1996 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis assuming that all payouts have been reinvested at the then prevailing NAV.

Absolute Returns for each financial year for the last 5 years



Portfolio Holdings (as on October 31, 2017)

<u>TOP 10 HOLDINGS:</u> HDFC Bank Ltd.: 4.81%, ICICI Bank Ltd.: 4.36%, Reliance Industries Ltd.: 3.43%, State Bank of India: 3.10%, United Spirits Ltd.: 2.60%, Tata Motors Ltd.: 2.55%, Asahi India Glass Ltd.: 2.31%, Gujarat Narmada Valley Fertilizers & Chemicals Ltd.: 2.21%, Larsen & Toubro Ltd.: 2.20% & Bombay Burmah Trading Corporation Ltd.: 2.20% **<u>SECTOR ALLOCATION:</u>** Banks: 22.55%, Consumer Non Durables: 10.24%, Pharmaceuticals: 6.14%, Auto: 6.09%, Cement: 5.75%, Chemicals: 5.74%, Construction Project: 5.05%, Software: 4.97%, Finance: 4.83%, Auto Ancillaries: 4.25%, Petroleum Products: 4.21%, Power: 3.48%, Non - Ferrous Metals: 2.31%, Hotels, Resorts and Other Recreational Activities: 2.13%, Industrial Products: 1.81%, Consumer Durables: 1.79%, Fertilisers: 1.76%, Minerals/Mining: 1.45%, Textile Products: 1.00%, Telecom - Services: 0.92%, Construction: 0.67% & Diversified Consumer Services: 0.49%	**<u>TOP 10 HOLDINGS:</u>** HDFC Bank Ltd.: 4.64%, ICICI Bank Ltd.: 4.61%, State Bank of India: 4.45%, Britannia Industries Ltd.: 3.76%, Housing Development Finance Corporation Ltd.: 3.17%, Reliance Industries Ltd.: 3.13%, Larsen & Toubro Ltd.: 3.10%, Hindustan Unilever Ltd.: 2.97%, Shree Cements Ltd.: 2.37% & Bharti Airtel Ltd.: 2.19% **<u>SECTOR ALLOCATION:</u>** Banks: 24.65%, Consumer Non Durables: 9.68%, Pharmaceuticals: 7.95%, Cement: 7.13%, Finance: 5.95%, Auto: 5.75%, Software: 4.51%, Construction Project: 4.19%, Power: 3.90%, Chemicals: 3.25%, Non - Ferrous Metals: 3.16%, Petroleum Products: 3.13%, Telecom - Services: 2.19%, Auto Ancillaries: 1.99%, Fertilisers: 1.95%, Minerals/Mining: 1.48%, Hotels, Resorts and Other Recreational Activities: 1.25%, Consumer Durables: 1.11%, Textile Products: 1.03%, Media & Entertainment: 1.00% & Ferrous Metals: 0.94%

Website link for Monthly Portfolio Holding - www.principalindia.com

Portfolio Turnover Ratio (as on October 31, 2017)*

0.43 *The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.	**0.46** *The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.

Expenses of the Scheme

(i) **Load Structure :**

Entry load : Not Applicable
Exit load : NIL

(ii) **Recurring Expenses:** Please refer to point no. 9 on page no. 22 to 23

(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017) **Direct Plan** - 2.48% & **Regular Plan** - 2.87% #Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.	(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017) **Direct Plan** - 2.11% & **Regular Plan** - 2.77% #Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.

Waiver of Load for Direct Applications	Please refer to point no. 3 on page no. 17
Tax treatment for the Investors (Unitholders)	Please refer to point no. 4 on page no. 17
Daily Net Asset Value (NAV) Publication	Please refer to point no. 5 on page no. 17
For Investor Grievances Please Contact	Please refer to point no. 6 on page no. 17
Unitholders' Information	Please refer to point no. 7 on page no. 17

Scheme Name	**PRINCIPAL SMART EQUITY FUND** (An Open-ended Equity Scheme)	**PRINCIPAL EMERGING BLUECHIP FUND** (An Open-ended Equity Scheme)
Investment Objective	The primary objective of the scheme is to seek to generate long term capital appreciation with relatively lower volatility through systematic allocation of funds into equity; and in debt /money market instruments for defensive purposes. The Scheme will decide on allocation of funds into equity assets based on equity market Price Earning Ratio (PE Ratio) levels. When the markets become expensive in terms of 'Price to Earnings' Ratio; the Scheme will reduce its allocation to equities and move assets into debt and/or money market instruments and vice versa.	To achieve long-term capital appreciation by investing in equity & equity related instruments of Mid Cap & Small Cap companies.

Product Label

This product is suitable for investors who are seeking~

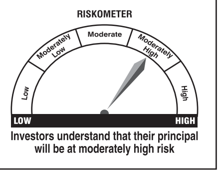
- Long term Capital Growth
- Investment in equity & equity related securities including equity derivatives of large capitalization Companies as well as Debt/Money Market securities through a systematic allocation of Funds between Equity & Debt on the basis of the Price Earnings Ratio of Nifty 50.

~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

This product is suitable for investors who are seeking~

- Long term Capital Growth
- Investment in equity & equity related securities including equity derivatives of mid & small capitalization Companies

~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Asset Allocation Pattern of the Scheme

Under normal circumstances, the asset allocation would be as follows:

Types of Instruments	Normal Allocation % of Net Assets	Risk Profile
Equity & Equity Related Instruments of Large Cap Companies	0% to 100%	Medium to High
Debt or Money Market Securities and/or units of money market/liquid schemes of Principal Mutual Fund	0% to 100%	Low to Medium

Investment in derivatives shall be upto 50% of the net assets of the Scheme. Deployment upto 50% of its total net assets of the Scheme in Stock Lending, subject to the SEBI regulations.

The Scheme has no intention to invest in Securitised Debt.

Large Cap Stocks are defined as stocks with market cap equal to or above the market cap of the lowest market cap stock of the S&P BSE 100 Index and which may or may not be a constituent of the S&P BSE 100 Index at the time of investment. The universe may also include Initial Public Offerings whose market capitalization would be as per the above-mentioned criteria. This large cap cutoff will be so determined taking into account the full market cap range of the S&P BSE 100 index at the end of every calendar quarter. Such market cap range once determined at quarterend will apply to all investment decisions made during the following quarter. The market cap criteria will apply only at the time of making investment decision. If a stock so qualifies for investment based on above market cap criteria at the time of investment; the fund may continue to hold the stock irrespective of market cap movement of the stock subsequent to investment in the stock. The lower end of the full market cap of S&P BSE 100 Index as on October 31, 2017 was ₹ 13204.73 crore.)

Under normal circumstances, the asset allocation would be as follows:

Types of Instruments	% of Net Assets		Risk Profile
	Minimum	Maximum	
Equity & Equity related instruments of Mid Cap Companies	65%	95%	High
Equity & Equity related instruments of Small Cap Companies	5%	15%	High
Equity & Equity related instruments of Companies other than Mid & Small Cap Companies	0%	30%	High
Total Equity	70%	100%	High
Cash and Money Market / Fixed Income Securities (incl. MIBOR Linked Short Term Papers & Securitised Debt*)	0%	30%	Low to Medium

*Investment in Securitised Debt may be up to 30% of the net assets of the Scheme. Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.

Note: The Asset Management Company (AMC) reserves the right to invest in derivatives (Equity Derivatives) not exceeding 50% of the Net Assets, subject to limits specified by SEBI from time to time. The AMC further reserves the right to invest in foreign securities and derivatives subject to SEBI/RBI or any other Regulatory Authorities permitted from time to time.

Differentiation with existing open ended equity schemes (as on October 31, 2017)

Please refer to point no. 8 on page no. 17 to 22

Risk Profile of the Scheme

Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:

A portfolio managed on PE ratios may not outperform a fully invested portfolio even at the peak of a bull market.

Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:

The investments under the Scheme will be concentrated in the Mid Cap segment and hence may perform differently than a broad market portfolio. Mid Cap & small cap stocks are generally more volatile and less liquid as compared to Large Cap stocks. Further Schemes' performance may differ from the benchmark index to the extent of the investments held in the non midcap equities/debt segment, as per the investment pattern indicated under normal circumstances.

Risk Mitigation Factors

Please refer to point no. 1 on page no. 17

Investment Plans & Options

Regular Plan & Direct Plan. Both the Plans offer Growth & Monthly Dividend Option.
Monthly Dividend Option under both the Plans offers facility of Payout, Reinvestment & Sweep.

Regular Plan & Direct Plan. Both the Plans offer Growth & Half Yearly Dividend Option.
Half Yearly Dividend Option under both the Plans offers facility of Payout, Reinvestment & Sweep.

Investment Strategy

The Scheme will decide on allocation of funds into equity assets based on equity market Price Earning Ratio (PE Ratio) levels. The PE Ratio has traditionally been used as a tool to assess whether the equity markets are cheap or expensively priced. When the markets become expensive in terms of 'Price to Earnings' Ratio'; the Scheme will reduce its allocation to equities and move assets into debt and/or money market instruments and vice versa. Such a strategy is expected to optimise the risk-return proposition for the long term investor.

Under normal circumstances; the scheme's equity allocation may follow the following pattern based on Nifty 50 PE Ratio Level –

Weighted Average PE Ratio of Nifty 50	Equity Component (%)	Debt / Cash Futures Component (%)
Upto 16	100	0
Above 16 – Upto 18	80 - 100	0 – 20
Above 18 – Upto 20	60 - 80	20 – 40
Above 20 – Upto 24	30 - 50	50 – 70
Above 24 – Upto 26	10 - 20	80 – 90
Above 26 – Upto 28	0 - 10	90 – 100
Above 28	0	100

For this purpose the month end PE Ratio of Nifty 50 Index will be considered.

Such a PE Ratio will be the month end weighted average PE Ratio of the constituent stocks making up the Nifty 50.

The Price considered will be the closing market price on the NSE as at the month end. The undiluted earnings per share will reflect the trailing earnings of the most recent four quarters of each of the companies, for which information is available.

This PE ratio will be rounded off to the nearest decimal. Thus every month end we would observe the above mentioned PE ratio and the resultant PE band. The investment strategy outlines different PE bands and the asset allocation applicable to each band. If there is a change in the PE band as observed on the latest month-end as compared to last month-end (due to Nifty's PE moving out of one band to another) then it will require rebalancing of portfolio to bring the equity component in line with the new band. This rebalancing would be done latest before the end of the subsequent month.

The investment strategy of the fund will be based on market cap of the stocks. The fund will predominantly invest in midcap stocks. This midcap range will be so determined taking into account the midcap range of the benchmark index at the end of every calendar quarter. Such midcap range once determined at quarter end will apply to all investment decisions made during the following quarter.

The fund will also invest in small cap stocks to tap high growth opportunities offered by such stocks.

For the purpose of maintaining liquidity or tap market opportunities; the fund may also invest in large cap stocks. Stocks selection will be primarily on bottom up approach on stock-by-stock basis. As part of its objective of maximizing investor's wealth creation potential over the longer duration, the fund may also invest in equity and equity related instruments of unlisted companies in line with SEBI regulations. A part of the portfolio will also tap arbitrage opportunities in the domestic markets like equity & equity related instruments, convertible preference shares, and convertible debentures. The Scheme intends to invest in derivatives not exceeding 50% of the net assets of the Schemes, subject to the limits as specified from time to time for hedging and rebalancing purposes or to undertake any other strategy as permitted under SEBI Regulations from time to time.

Applicable NAV (after the scheme opens for repurchase and sale)

Please refer to point no. 2 on page no. 17

Minimum Application Amount / Number of Units

Purchase	Additional Purchase	Repurchase
₹5,000 and any amount thereafter under each Plan/Option.	₹1,000 and any amount thereafter under each Plan/Option.	₹500/- or 50 units

Dispatch of Repurchase (Redemption) Request

Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund.

Comparison of open-ended schemes

The asset allocation pattern of current equity schemes offered by Principal Mutual Fund; restrict the Scheme to curtail its exposure to equity and/or debt securities as per the defined scheme specified asset allocation pattern, subject of course to the terms and conditions stipulated in the relevant SID.

The intent of Principal Smart Equity Fund is to offer an opportunity to the investors to invest in one fund which would not only manage equity but also decide on allocation between

Amongst the basket of open ended equity schemes, this scheme is primarily focused towards midcap stocks. The scheme will predominantly seek to invest in midcap stocks within the market cap range of its benchmark Nifty Free Float Midcap 100 Index. However such stock may or may not be a constituent of Nifty Free Float Midcap 100 Index at the time of investment. This midcap range will be determined taking into account the market cap range of the benchmark index at the end of every calendar quarter. Apart from the above,

Comparison of open-ended schemes (Contd.)	equity; and debt & money market assets. This Scheme would seek to manage equity and non equity allocation based on historic PE (Price Earning Ratio) of the market (Nifty 50) and thus would enable a long term investor to stay invested in equities without worrying about market valuations. As compared to a diversified equity scheme whose mandate is to manage equity; this scheme's mandate is to manage equity factoring in market valuation. So in scenarios when market valuations are way above acceptable levels/long term average, a regular equity scheme may still remain invested and is therefore prone to deep corrections. On the other hand; this scheme will gradually reduce its allocation to equities as valuations become steep and hence protect the investors from such deep corrections and also enable them to capture the full potential of attractive valuations post correction by redeploying cash. Hence the investor need not worry about valuations and try to time the markets; this scheme has inbuilt mechanism to manage allocation based on valuations; allowing investor's to stay invested irrespective of valuations. As such the assets under this Scheme could be invested completely in equity or in debt and money market for defensive purposes. Currently none of the schemes of Principal Pnb Asset Management Company Private Limited offer such a dynamic asset allocation pattern. The features of this Scheme are not similar to any of the open ended schemes of Principal Mutual Fund.	the scheme will seek to invest in small cap stocks to tap high growth opportunities offered by these stocks. This is the only scheme with a specific investment mandate directed towards investment in the companies within market cap range of its benchmark with a quarterly review of the benchmark market cap range for investment decisions for the following quarter.
Dividend Policy	Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.	
Benchmark Index	Crisil Balanced Fund - Aggressive Index	Nifty Free Float Midcap 100 Index
Fund Manager & Managing the Current Fund from	P.V.K. Mohan - July 2017 (Tenure of the Fund Manager - 4 months)	Mr. Dhimant Shah - June 2011 (Tenure of the Fund Manager - 6 years 5 months)
Total Investment Experience	24 years	25 years
Name of the Trustee Company	Principal Trustee Company Private Limited	

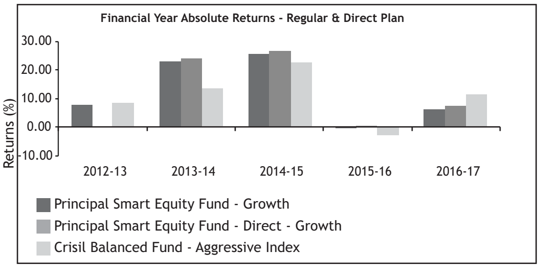
Performance of the Scheme (as on October 31, 2017)

Returns (%) of Regular Plan and Direct Plan as at October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	8.58	15.18	9.89	15.18
Last 3 Years	6.93	8.56	8.06	8.56
Last 5 Years	12.54	11.89	NA	11.89
Since Inception*	10.27	8.85	12.48	11.22

* Regular Plan - December 16, 2010 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.

Absolute Returns for each financial year for the last 5 years

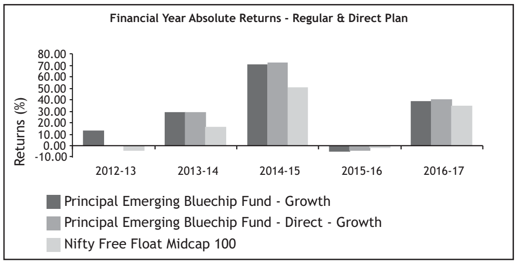


Returns (%) of Regular Plan and Direct Plan as at October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	29.91	23.38	31.27	23.38
Last 3 Years	22.13	18.23	23.33	18.23
Last 5 Years	28.60	20.31	NA	20.31
Since Inception*	30.47	20.55	27.94	18.47

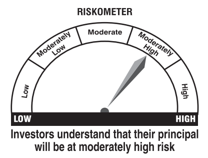
* Regular Plan - November 12, 2008 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.

Absolute Returns for each financial year for the last 5 years

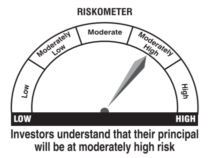


Portfolio Holdings (as on October 31, 2017)	**TOP 10 HOLDINGS:** United Spirits Ltd.: 1.09%, HDFC Bank Ltd.: 1.02%, Coal India Ltd.: 1.00%, NTPC Ltd.: 0.94%, Aurobindo Pharma Ltd.: 0.88%, ICICI Bank Ltd.: 0.86%, State Bank of India: 0.81%, Maruti Suzuki India Ltd.: 0.78%, Hero MotoCorp Ltd.: 0.76% & Larsen & Toubro Ltd.: 0.76% **SECTOR ALLOCATION:** Banks: 3.95%, Consumer Non Durables: 3.07%, Auto: 1.91%, Power: 1.66%, Pharmaceuticals: 1.52%, Software: 1.25%, Cement: 1.11%, Minerals/Mining: 1.00%, Construction Project: 0.76%, Finance: 0.60%, Petroleum Products: 0.59%, Non - Ferrous Metals: 0.55%, Telecom - Services: 0.40%, Media & Entertainment: 0.38%, Fertilisers: 0.36% & Ferrous Metals: 0.17%	**TOP 10 HOLDINGS:** Eicher Motors Ltd.: 2.95%, Britannia Industries Ltd.: 2.47%, IndusInd Bank Ltd.: 2.00%, Indraprastha Gas Ltd.: 1.86%, Petronet LNG Ltd.: 1.85%, ICICI Bank Ltd.: 1.73%, AIA Engineering Ltd.: 1.70%, Bajaj Finance Ltd.: 1.63%, Hindustan Petroleum Corporation Ltd.: 1.63% & Navin Fluorine International Ltd.: 1.58% **SECTOR ALLOCATION:** Banks: 11.27%, Industrial Products: 8.31%, Finance: 7.77%, Chemicals: 7.38%, Cement: 5.94%, Auto Ancillaries: 5.00%, Consumer Non Durables: 4.84%, Gas: 4.68%, Consumer Durables: 4.45%, Pharmaceuticals: 4.08%, Construction: 3.52%, Transportation: 3.31%, Software: 2.99%, Auto: 2.95%, Petroleum Products: 2.67%, Construction Project: 2.43%, Industrial Capital Goods: 2.11%, Media & Entertainment: 1.97%, Non - Ferrous Metals: 1.93%, Textile Products: 1.68%, Textiles - Cotton: 1.07%, Commercial Services: 0.99%, Pesticides: 0.93%, Ferrous Metals: 0.84% & Textiles - Synthetic: 0.76%
	Website link for Monthly Portfolio Holding - www.principalindia.com	
Portfolio Turnover Ratio (as on October 31, 2017)*	**5.86** *The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.	**0.69** *The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.
Expenses of the Scheme	(I) **Load Structure :** Entry load : Not Applicable Exit load : If redeemed/ switched on or before 1 year from the date of allotment. - Nil for redemption/ switch out of units upto 24% of the units allotted (the limit) - 1% on redemption in excess of 24% of the limit stated above - Redemption of units would be done on First in First out Basis (FIFO) Nil thereafter	(I) **Load Structure :** Entry load : Not Applicable Exit load : If redeemed on or before 1 Year from the date of allotment - 1%
	(ii) **Recurring Expenses:** Please refer to point no. 9 on page no. 22 to 23	
	(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017) **Direct Plan** - 1.89% & **Regular Plan** - 3.01% #Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.	(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017) **Direct Plan** - 1.72% & **Regular Plan** - 2.72% #Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.

<table>
<tr><td>Waiver of Load for Direct Applications</td><td colspan="2">Please refer to point no. 3 on page no. 17</td></tr>
<tr><td>Tax treatment for the Investors (Unitholders)</td><td colspan="2">Please refer to point no. 4 on page no. 17</td></tr>
<tr><td>Daily Net Asset Value (NAV) Publication</td><td colspan="2">Please refer to point no. 5 on page no. 17</td></tr>
<tr><td>For Investor Grievances Please Contact</td><td colspan="2">Please refer to point no. 6 on page no. 17</td></tr>
<tr><td>Unitholders' Information</td><td colspan="2">Please refer to point no. 7 on page no. 17</td></tr>
<tr><td>Scheme Name</td><td>PRINCIPAL BALANCED FUND
(An Open-ended Balanced Scheme)</td><td>PRINCIPAL EQUITY SAVINGS FUND
(An Open-ended Equity Scheme)</td></tr>
<tr><td>Investment Objective</td><td>To provide long-term appreciation and current income by investing in a portfolio of equity, equity related securities and fixed income securities.</td><td>The investment objective of the Scheme is to provide capital appreciation and income distribution to the investors by using equity and equity related instruments, arbitrage opportunities, and investments in debt and money market instruments.
However, there can be no assurance that the investment objective of the Scheme will be realized or that income will be generated and the scheme does not assure or guarantee any returns.</td></tr>
<tr><td>Product Label</td><td>
This product is suitable for investors who are seeking~
Income and Long term Capital Growth.
Investment in equity & equity related securities, debt/money market securities as well as derivatives.
~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at moderately high risk
</td><td>
This product is suitable for investors who are seeking~
Income generation and capital appreciation over the medium to long term.
Investment in equity and equity related instruments, debt and money market instruments and arbitrage opportunities.
~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at moderately high risk
</td></tr>
<tr><td>Asset Allocation Pattern of the Scheme</td><td>
Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th rowspan="2">Types of Instruments</th><th colspan="2">% of Net Assets</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity & Equity Related Instruments</td><td>60%</td><td>70%</td><td>Medium to High</td></tr>
<tr><td>Debt and Money Market Instruments (incl. Units of Liquid / Money Market / Debt Mutual Fund Schemes and Securitised Debt*)</td><td>30%</td><td>40%</td><td>Low to Medium</td></tr>
</table>
* Investment in Securitised Debt may be up to 20% of the net assets of the Scheme.
The Asset Management Company reserves the right to invest in derivatives as follows:
<table>
<tr><th>Particulars</th><th>Normal Allocation (% of Net Assets)</th></tr>
<tr><td>Derivatives</td><td>Upto 50% of the net assets of the Scheme</td></tr>
</table>
Investment in Overseas Financial Instruments within the below specified limits:
<table>
<tr><th>Particulars</th><th>% of Net Assets</th></tr>
<tr><td>ADRs/GDRs</td><td>Not exceeding 15% of the Scheme's Assets</td></tr>
<tr><td>Overseas Financial Debt Instruments including overseas Mutual Funds</td><td>Not exceeding 25% of the Scheme's Assets</td></tr>
</table>
Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.
</td><td>
Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th rowspan="2">Types of Instruments</th><th colspan="2">% of Net Assets</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments</td><td>65</td><td>90</td><td>Medium to High</td></tr>
<tr><td>Of which Net Long Equity Exposure (including units of Equity Mutual Fund Schemes)*</td><td>20</td><td>30</td><td>High</td></tr>
<tr><td>Of which Equity Exposure Equity (only arbitrage opportunity)**</td><td>40</td><td>70</td><td>Low to Medium</td></tr>
<tr><td>Debt securities and money market instruments# (including margin for derivatives) and Fixed Income Derivatives</td><td>10</td><td>35</td><td>Low</td></tr>
</table>
* In the scheme, unhedged equity exposure shall be limited to 30% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.
** Equity exposure would be completely hedged with corresponding equity derivatives; the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and/or investment restrictions on the issuer. The margin money requirement for the purposes of derivative exposure may be held in the form of Term Deposits.
#The Scheme may invest in Treasury Bills, Repos, Reverse Repos, Collateralized Borrowing and Lending Obligations ("CBLO"), cash and cash equivalents and units of Debt/Liquid/ Money Market Mutual Fund Schemes.
When adequate arbitrage opportunities are not available in the Derivative and Equity markets, the anticipated alternate asset allocation on defensive considerations would be in accordance with the allocation given below.
However, in case no arbitrage opportunity is available, then 100% of the remaining investible corpus (excluding margin for derivatives and to the extent not deployed in arbitrage opportunities in the asset allocation pattern mentioned above) will be deployed in short term debt and money market instruments with tenure not exceeding 91 days (including investments in securitized debt).
<table>
<tr><th rowspan="2">Types of Instruments</th><th colspan="2">% of Net Assets</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments</td><td>20</td><td>75</td><td>Medium to High</td></tr>
<tr><td>Of which Net Long Equity Exposure (including units of Equity Mutual Fund Schemes)*</td><td>20</td><td>30</td><td>High</td></tr>
<tr><td>Of which Hedged Equity Exposure (only arbitrage opportunity)**</td><td>0</td><td>55</td><td>Low to Medium</td></tr>
<tr><td>Debt securities and money market instruments # (including margin for derivatives) and Fixed Income Derivatives</td><td>25</td><td>80</td><td>Low</td></tr>
</table>
* In the scheme, unhedged equity exposure shall be limited to 30% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.
** Equity exposure would be completely hedged with corresponding equity derivatives; the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and / or investment restrictions on the issuer. The margin money requirement for the purposes of derivative exposure may be held in the form of Term Deposits.
#The Scheme may invest in Treasury Bills, Repos, Reverse Repos, Collateralized Borrowing and Lending Obligations ("CBLO"), cash and cash equivalents and units of Debt/Liquid/ Money Market Mutual Fund Schemes.
Investment in Securitized Debt may be up to 30% of the net assets of the Scheme.
Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.
</td></tr>
</table>

Asset Allocation Pattern of the Scheme		Further, Unit holders are requested to note that post said changes, the Scheme will be treated as equity oriented scheme as per the extant Income-tax laws. However, at the time of changes in the investment pattern during defensive considerations as stated above, the fund manager may choose to have a lower equity exposure. Accordingly, the Scheme may not be able to meet the criteria for equity oriented scheme as specified under the extant Income-tax laws. Consequently, the Unit holders may not be able to avail tax advantage available to an equity oriented fund in that particular financial year. During the defensive circumstances the Tax benefit available for equity oriented scheme will not be applicable and shall be communicated to unit holders vide letters, addendum published in the newspapers as per regulations.
Differentiation with existing open ended equity schemes (as on October 31, 2017)	Please refer to point no. 8 on page no. 17 to 22	
Risk Profile of the Scheme	Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below: The values of the equity securities owned by the Scheme are subject to change on a daily basis. Equity Security prices reflect the activities of individual companies and general market and economic conditions. In the short term, equity security prices can fluctuate dramatically in response to these factors. Value of debt securities are subject to change on a daily basis. Their prices reflect interest rates, market conditions and announcements of other economic, political or financial information. When interest rates fall, the price of a debt security rises and when interest rate rise, the price declines. As with all Mutual Funds, the value of the Scheme's assets under this option may rise or fall. If units are redeemed when their value is less than the price paid for money may be lost by the Unitholder.	Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below: **a) Risks associated with investing in Equity and Equity related Securities** The value of Scheme's investments may be affected by factors affecting the Securities markets and price and volume volatility in the capital markets, interest rates, changes in law/policies of the Government, taxation laws and political, economic or other developments which may have an adverse bearing on individual securities, a specific sector or all sectors. Consequently, the NAV of the units of the Scheme(s) may be affected. Equity & Equity related securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Scheme(s) may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme(s) to make intended securities purchases due to settlement problems could cause the Scheme(s) to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme's portfolio may result, at times, in potential losses to the Scheme(s), should there be a subsequent decline in the value of securities held in the Scheme's portfolio. The liquidity and valuation of the Scheme's investments due to the holdings of unlisted securities may be affected if they have to be sold prior to the target date of disinvestment. Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including put options. The liquidity of the scheme(s) is inherently restricted by trading volumes in securities in which it invests. Investment decisions made by the Investment Manager may not always be profitable. To the extent the underlying Mutual Fund Scheme(s) invest in Equity and Equity related Instruments, the Schemes(s) which shall invest in Equity Mutual Fund Schemes (where the asset allocation pattern of the Scheme(s) provides such investment) shall be affected by the afore mentioned risk factors. The Net Asset Value (NAV) of the units of the Scheme is likely to get effected on accounts of such risk factors. Any change in the investment policies or fundamental attributes of any underlying scheme is likely to affect the performance of the Scheme. Further, the liquidity of the Scheme's investments may be inherently restricted by the liquidity of the underlying schemes in which it has invested. **b) Risk Associated with Investing in Debt and/or Money Market Instruments** i) **Price-Risk or Interest-Rate Risk:** Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. ii) **Credit Risk:** In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme(s) has invested in Government Securities, there is no credit risk to that extent. iii) **Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate. iv) **Interest Rate Movement (Basis Risk):** The changes in the prevailing rates of interest will likely affect the value of the Schemes' holdings until the next reset date and thus the value of the Schemes' Units will be affected. Increased rates of interest, which frequently accompany inflation and/ or a growing economy, are likely to have a negative effect on the value of the Units. The value of securities held by the Scheme(s) generally will vary inversely with changes in prevailing interest rates. The fund could be exposed to the interest rate risk (i) to the extent of time gap in resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture the interest rate movement. v) **Prepayments and Charge Offs Risk:** In the event of prepayments, investors may be exposed to changes in tenor and yield. Also, any Charge Offs would result in the reduction in the tenor of the Pass through Certificates (PTCs). vi) **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However depending upon the market conditions the spreads may move adversely or favorably leading to fluctuation in NAV. To the extent the underlying Mutual Fund Scheme(s) invest in Debt and Money Market Instruments, the Schemes(s) which shall invest in Liquid/Debt Mutual Fund Schemes (where the asset allocation pattern of the Scheme(s) provides such investment) shall be affected by the afore mentioned risk factors. The Net Asset Value (NAV) of the units of the Scheme is likely to get effected on accounts of such risk factors. **c) Risks Associated with Investing in Derivatives** The primary objective of the Fund Manager is to identify investment opportunities and to exploit price discrepancies in various markets. Identification and exploitation of the strategies to be pursued by the Fund Manager involve uncertainty. No assurance can be given that Fund Manager will be able to locate investment opportunities or to correctly

Risk Profile of the Scheme		exploit price discrepancies in the capital markets. Reduction in mis-pricing opportunities between the cash market and Future and Options market may lead to lower level of activity. As the Scheme proposes to execute arbitrage transactions in various markets simultaneously, this may result in high portfolio turnover and, consequently, high transaction cost. There may be instances, where the price spread between cash and derivative market is insufficient to meet the cost of carry. In such situations, the fund manager due to lack of opportunities in the derivative market may not be able to outperform liquid / money market funds. Though the constituent stocks of most indices are typically liquid, liquidity differs across stock. Due to heterogeneity in liquidity in the capital market segment, trades on this segment do not get implemented instantly. This often makes arbitrage expensive, risky and difficult to implement. **Other risks in using derivatives include but are not limited to:** **(a) Credit Risk -** this occurs when a counterparty defaults on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counter party, at the then prevailing (possibly unfavorable) market price, in order to maintain the validity of the hedge. For exchange traded derivatives, the risk is mitigated as the exchange provides a guaranteed settlement but one takes the performance risk on the exchange. **(b) Market Liquidity risk -** this occurs where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices. **(c) Model Risk -** the risk of mis-pricing or improper valuation of derivatives. **(d) Basis Risk -** this risk arises when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. Trading in derivatives carry a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount. The Scheme(s) may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue. Interest Rate Swaps (IRS) are highly specialized instruments that require investment technique and risk analysis different from those associated with equity shares and other traditional securities. The use of a IRS requires not only an understanding of the referenced asset, reference rate, or index but also of the swap itself, without the benefit of observing the performance of the swap under all possible market conditions. Swap agreements are also subject to liquidity risk, which exists when a particular swap is difficult to purchase or sell. Swap agreements may be subject to pricing risk, which exists when a particular swap becomes extraordinarily expensive (or cheap) relative to historical prices or the prices of corresponding cash market instruments. IRS agreements are also subject to counterparty risk on account of insolvency or bankruptcy or failure of the counterparty to make required payments or otherwise comply with the terms of the agreement.
Risk Mitigation Factors	Please refer to point no. 1 on page no. 17	
Investment Plans & Options	Regular Plan & Direct Plan. Both the Plans offer Growth & Monthly Dividend Option. Monthly Dividend Option under both the Plans offers facility of Payout, Reinvestment and Sweep.	Regular Plan & Direct Plan. Both the Plans offer Growth & Dividend Option. Dividend Option offer the frequency of Quarterly and Half-Yearly Payout. The Dividend Option under both the Plans will have the facility of Payout, Reinvestment and Sweep.
Investment Strategy	The Scheme will invest in equity and equity related instruments. The Scheme will also invest in fixed income instruments rated investment grade or higher or otherwise comparable including units of Liquid / Money Market / Debt Mutual Fund Schemes. The Scheme shall not take high risks in managing equity portion of the portfolio. For the equity portion of the portfolio, companies would be selected after research covering areas such as quality of management, competitive position and financial analysis.	The investment strategy is aimed at generating income by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and in debt securities and at the same time attempting to enhance returns through long exposure in equity and equity related instruments. If suitable arbitrage opportunities are not available in the opinion of the Fund Manager, the Scheme may predominantly invest in debt and money market securities. **Net Long Equity:** The Scheme will invest its assets in a portfolio of equity and equity related instruments including units of Equity mutual Funds Schemes. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. Companies selected for the portfolio which in the opinion of the AMC would possess some of the characteristics mentioned below: - Superior management quality - Distinct and sustainable competitive advantage - Good growth prospects; and - Strong financial strength **Equity Derivatives:** The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the Scheme may predominantly invest in short-term debt and money market securities. The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the Scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously. For example, on December 4, 2014, the Scheme buys a share of XYZ Company on spot @ ₹ 1,000 and at the same time sells XYZ Company futures for December 2014 expiry @ ₹1,020. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 24, 2014. If the Scheme holds this position till expiry of the futures, the Scheme earns profit of ` 20 on the date of expiry before accounting for trading costs and taxes. In case the Scheme has to unwind the transaction prior to the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at ` 980 and the futures are bought at ` 1,010 then there would be negative returns on the trade. If the spot is sold at ` 1,020 and the futures are bought at ` 1,015 then there would be positive returns from the trade. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the Scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not

<table>
<tr><td>Investment Strategy</td><td></td><td>available, the Scheme would liquidate the spot position and settle the futures position simultaneously. Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity while holding onto the spot position. There could also be occasions when both the spot and the future position is unwound before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. The Scheme will strive to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures, Buying ADR/GDR and selling the corresponding stock future etc. The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 December 2014, the Scheme buys 1000 futures contracts of ABC Ltd. for December expiry at ` 3,000 each and sells an equivalent 1000 futures contract of ABC Ltd. for January expiry at ` 3,030. Thereby the Scheme enters into a fully hedged transaction. Closer to the expiry date of the December contract, the Scheme has two options. 1) Unwind the transaction by selling the 1000 December contracts and buying 1000 January contracts of ABC. The returns are a function of the spread between the sale price of the January contract and the buy price of the December contract. If this spread is less than ` 30, the returns are positive else the returns are negative. 2) On the expiry date i.e. 24 December, 2014, the Scheme would let the December contract expire and square off 1000 contracts that it holds for

January maturity. The returns would be a function of the spread between settlement price of the December contract and the price at which January contracts are squared-off. If this spread is lower than ` 30 then the returns are positive and if it is higher than ` 30 the returns are negative. The Scheme can also initiate the transaction in the opposite direction i.e. by selling the December futures and buying the January futures, if it sees a profit potential. Under all circumstances the Scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the Scheme can also take offsetting positions in index futures of different calendar month.

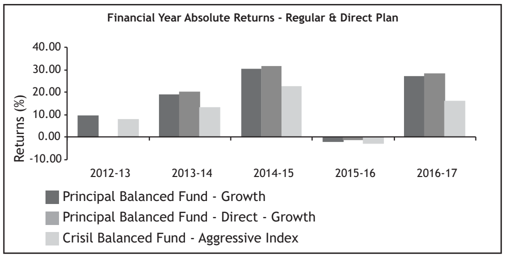
The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks.

Debt Instruments:

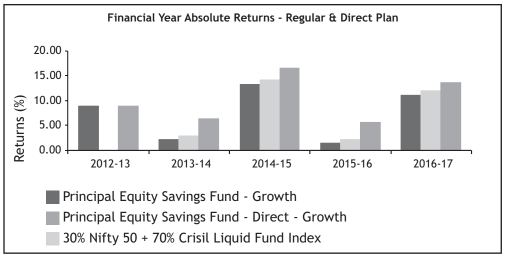
The Scheme would invest in a range of fixed income and money market instruments including units of Debt/Liquid/Money Market Mutual Fund Schemes. Further the Scheme may also invest in financial derivatives such as options and futures & Interest Rate Swap (IRS) that are permitted or may become permissible under SEBI/RBI Regulations. The proportion of assets to be so invested would be decided by the AMC at the appropriate time, and would be done in accordance with the relevant guidelines to be issued by SEBI/RBI and other authorities.</td></tr>
<tr><td>Applicable NAV (after the scheme opens for repurchase and sale)</td><td colspan="2">Please refer to point no. 2 on page no. 17</td></tr>
<tr><td>Minimum Application Amount / Number of Units</td><td colspan="2"><table>
<tr><th>Purchase</th><th>Additional Purchase</th><th>Repurchase</th></tr>
<tr><td>₹5,000 and any amount thereafter under each Plan/Option.</td><td>₹1,000 and any amount thereafter under each Plan/Option.</td><td>₹500/- or 50 units</td></tr>
</table></td></tr>
<tr><td>Dispatch of Repurchase (Redemption) Request</td><td colspan="2">Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund.</td></tr>
<tr><td>Comparison of open-ended schemes</td><td>The scheme is having an asset allocation with a ceiling on exposure to equity/ equity related instruments. The investment mandate allows a maximum of 70% exposure to equity with an investment of at least 30% in debt instruments. Thus the scheme offers growth potential with equity investments and also seeks to generate interest income by investing in debt securities.</td><td>NA</td></tr>
<tr><td>Dividend Policy</td><td colspan="2">Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.</td></tr>
<tr><td>Benchmark Index</td><td>Crisil Balanced Fund - Aggressive Index</td><td>30% Nifty 50 Index + 70% CRISIL Liquid Fund Index</td></tr>
<tr><td>Fund Manager & Managing the Current Fund from</td><td>Mr. P.V.K. Mohan - May 2010 (Tenure of the Fund Manager - 7 years 6 months) &
Ms. Bekxy Kuriakose - March 2016 (Tenure of the Fund Manager - 1 year 8 months)</td><td>Mr. P.V.K. Mohan - June 2016 (Tenure of the Fund Manager - 1 year 5 months)
This scheme was earlier known as Principal Debt Savings Fund - Monthly Income Plan.</td></tr>
<tr><td>Total Investment Experience</td><td>Mr. P.V.K. Mohan - 24 years & Ms. Bekxy Kuriakose - 17 years</td><td>24 years</td></tr>
<tr><td>Name of the Trustee Company</td><td colspan="2">Principal Trustee Company Private Limited</td></tr>
<tr><td>Performance of the Scheme (as on October 31, 2017)</td><td>Returns (%) of Regular Plan and Direct Plan as at October 31, 2017<table>
<tr><th rowspan="2">Period</th><th colspan="2">Regular Plan</th><th colspan="2">Direct Plan</th></tr>
<tr><th>Scheme</th><th>Benchmark</th><th>Scheme</th><th>Benchmark</th></tr>
<tr><td>Last 1 Year</td><td>26.64</td><td>15.18</td><td>28.23</td><td>15.18</td></tr>
<tr><td>Last 3 Years</td><td>15.63</td><td>8.56</td><td>16.72</td><td>8.56</td></tr>
<tr><td>Last 5 Years</td><td>18.70</td><td>11.89</td><td>NA</td><td>11.89</td></tr>
<tr><td>Since Inception*</td><td>12.00</td><td>NA</td><td>18.51</td><td>11.22</td></tr>
</table>* Regular Plan - January 14, 2000 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.</td><td>The scheme has been converted into Principal Equity Savings Fund, w.e.f. June 23, 2016 and hence the performance given below is of Principal Debt Savings Fund - Monthly Income Plan (before conversion)
Returns (%) of Growth Option under Regular Plan and Direct Plan as at October 31, 2017<table>
<tr><th rowspan="2">Period</th><th colspan="2">Regular Plan</th><th colspan="2">Direct Plan</th></tr>
<tr><th>Scheme</th><th>Benchmark</th><th>Scheme</th><th>Benchmark</th></tr>
<tr><td>Last 1 Year</td><td>9.59</td><td>10.54</td><td>10.40</td><td>10.54</td></tr>
<tr><td>Last 3 Years</td><td>8.17</td><td>7.54</td><td>8.95</td><td>7.54</td></tr>
<tr><td>Last 5 Years</td><td>7.77</td><td>9.60</td><td>NA</td><td>9.60</td></tr>
<tr><td>Since Inception*</td><td>8.31</td><td>9.59</td><td>8.25</td><td>9.39</td></tr>
</table>* Regular Plan - May 23, 2002 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.</td></tr>
</table>

Performance of the Scheme (as on October 31, 2017)

Absolute Returns for each financial year for the last 5 years



Absolute Returns for each financial year for the last 5 years



Portfolio Holdings (as on October 31, 2017)

TOP 10 HOLDINGS: HDFC Bank Ltd.: 2.09%, Hero MotoCorp Ltd.: 2.05%, United Spirits Ltd.: 1.99%, Gujarat Narmada Valley Fertilizers & Chemicals Ltd.: 1.98%, Rain Industries Ltd.: 1.87%, Aurobindo Pharma Ltd.: 1.72%, Coal India Ltd.: 1.70%, Dewan Housing Finance Corporation Ltd.: 1.69%, Hindustan Unilever Ltd.: 1.67% & Tata Consultancy Services Ltd.: 1.61%

SECTOR ALLOCATION: Banks: 11.65%, Consumer Non Durables: 7.93%, Chemicals: 4.95%, Cement: 4.59%, Software: 4.39%, Auto: 4.01%, Pharmaceuticals: 3.78%, Finance: 3.65%, Industrial Products: 2.78%, Non - Ferrous Metals: 2.62%, Construction Project: 2.45%, Auto Ancillaries: 2.38%, Minerals/Mining: 1.70%, Power: 1.35%, Petroleum Products: 1.18%, Consumer Durables: 1.06%, Telecom - Services: 1.04%, Construction: 1.00%, Textile Products: 0.97%, Hotels, Resorts and Other Recreational Activities: 0.90%, Fertilisers: 0.82%, Textiles - Synthetic: 0.41% & Diversified Consumer Services: 0.10%

TOP 10 HOLDINGS: Coal India Ltd.: 2.00%, Britannia Industries Ltd.: 1.95%, Birla Corporation Ltd.: 1.87%, NTPC Ltd.: 1.73%, Hero MotoCorp Ltd.: 1.59%, State Bank of India: 1.59%, Rico Auto Industries Ltd.: 1.48%, Axis Bank Ltd.: 1.43%, ITC Ltd.: 1.41% & AIA Engineering Ltd.: 1.41%

SECTOR ALLOCATION: Banks: 5.27%, Consumer Non Durables: 4.74%, Auto: 4.19%, Minerals/Mining: 2.00%, Cement: 1.87%, Power: 1.73%, Auto Ancillaries: 1.48%, Industrial Products: 1.41%, Finance: 1.19%, Telecom - Services: 1.12%, Construction Project: 1.10%, Pharmaceuticals: 0.89% & Software: 0.79%

Website link for Monthly Portfolio Holding - www.principalindia.com

Portfolio Turnover Ratio (as on October 31, 2017)*

1.56

*The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.

6.09

*The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.

Note: This scheme was earlier known as Principal Debt Savings Fund - Monthly Income Plan. It was converted into Principal Equity Savings Fund on June 23, 2016.

Expenses of the Scheme

(I) **Load Structure :**

Entry load : Not Applicable

Exit load : If redeemed/ switched on or before 1 year from the date of allotment: - Nil for redemption/ switch out of units upto 24% of the units allotted (the limit) - 1% on redemption in excess of 24% of the limit stated above - Redemption of units would be done on First in First out Basis (FIFO) Nil thereafter.

(I) **Load Structure :**

Entry load : Not Applicable

Exit load : NIL

(ii) **Recurring Expenses:** Please refer to point no. 9 on page no. 22 to 23

(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017)

Direct Plan - 2.11% & **Regular Plan** - 3.16%

#Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.

(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017)

Direct Plan - 1.81% & **Regular Plan** - 2.57%

#Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.

Waiver of Load for Direct Applications	Please refer to point no. 3 on page no. 17
Tax treatment for the Investors (Unitholders)	Please refer to point no. 4 on page no. 17
Daily Net Asset Value (NAV) Publication	Please refer to point no. 5 on page no. 17
For Investor Grievances Please Contact	Please refer to point no. 6 on page no. 17
Unitholders' Information	Please refer to point no. 7 on page no. 17

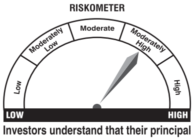
Scheme Name	**PRINCIPAL LARGE CAP FUND** (An Open-ended Equity Scheme)	**PRINCIPAL GROWTH FUND** (An Open-ended Equity Scheme)
Investment Objective	To provide capital appreciation and /or dividend distribution by predominantly investing in companies having a large market capitalization.	To achieve long term capital appreciation.

Product Label

This product is suitable for investors who are seeking~

- Long term Capital Growth
- Investment in equity & equity related securities including equity derivatives of large capitalization Companies.

~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

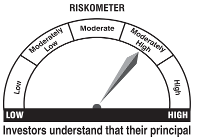


Investors understand that their principal will be at moderately high risk

This product is suitable for investors who are seeking~

- Long term Capital Growth
- Investment in equity & equity related securities including equity derivatives of companies across market capitalization.

~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at moderately high risk

Asset Allocation Pattern of the Scheme

Under normal circumstances, the asset allocation would be as follows:

Types of Instruments	% of Net Assets		Risk Profile
	Minimum	Maximum	
1) Large Cap Equity & Equity Related Instruments$	65%	100%	High
2) Equity and Equity Related Instruments (Other than in (1) above)	0%	35%	High
3) Money Market Instruments	0%	30%	Low to Medium

Under normal circumstances, the asset allocation would be as follows:

Types of Instruments	% of Net Assets		Risk Profile
	Minimum	Maximum	
Equity and Equity related instruments	65%	100%	High
Debt (incl. Securitized Debt*) and Money Market instruments	0%	35%	Low to Medium

* Investment in Securitized Debt may be up to 35% of the net assets of the Scheme.

The Asset Management Company (AMC) reserves the right to invest in Derivatives upto 50% of the net assets of the Scheme.

The AMC further reserves the right to invest in ADRs/ GDRs and/or Overseas Financial debt instruments including units of Overseas Mutual Funds not exceeding 15% of the net assets of the Scheme. Investment in Derivatives/ ADRs/ GDRs/ Overseas Financial debt instruments shall be subject to restrictions imposed by SEBI/ RBI or any other regulatory authority from time to time.

Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.

<table>
<tr><td>Asset Allocation Pattern of the Scheme (Contd.)</td><td>The AMC reserves the right to invest in foreign securities and derivatives as follows:-
<table>
<tr><th>Particulars</th><th>Normal Allocation (% of Net Assets)</th></tr>
<tr><td>Investment in ADR/GDR and foreign securities (equity and equity related instruments)</td><td>Not exceeding 30% of the Net Assets of the scheme (subject to a maximum limit of US $300 million) or such other limit as specified by SEBI from time to time.</td></tr>
<tr><td>Equity Derivatives</td><td>Not exceeding 50% of the Net assets subject to limits as specified by SEBI from time to time.</td></tr>
<tr><td colspan="2">$For the purpose of this Fund, Large Cap Companies are defined as those having market capitalization greater than ₹ 750 crore as on the date of investment (or any such amount as may be specified by India Index Services and Products Limited (IISL) from time to time) being the upper limit of market capitalization as a criteria for inclusion of a company in Nifty Free Float Midcap 100 Index. However, should IISL come out with a definition of 'Large Cap companies', the same will be utilized.</td></tr>
</table></td><td></td></tr>
<tr><td>Differentiation with existing open ended equity schemes (as on October 31, 2017)</td><td colspan="2">Please refer to point no. 8 on page no. 17 to 22</td></tr>
<tr><td>Risk Profile of the Scheme</td><td>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:
The scheme would have majority of its assets in companies with a large market capitalization. During the time periods when companies having small or mid sized market capitalization do well, this scheme will underperform.</td><td>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:
Prices of equity securities rise and fall in response to a number of factors including events that impact entire financial markets or industries (for example, changes in inflation or consumer demand) as well as events impacting a particular issuer (for example, news about the success or failure of a new product). The Securities purchased by the Scheme present greater opportunities for growth because of high potential earnings growth, but may also involve greater risks than securities that do not have the same potential. The Scheme may invest in companies with limited product lines, markets or financial resources. As a result, these securities may change in value more than those of larger, more established companies. As the value of the securities owned by the Scheme changes, the Scheme unit price changes. In the short-term, the price can fluctuate dramatically. As with all Mutual Funds, as the value of the Scheme's assets rise and fall, the Scheme unit price changes. If the units are redeemed when their value is less than the price paid for, money may be lost by the unitholder.</td></tr>
<tr><td>Risk Mitigation Factors</td><td colspan="2">Please refer to point no. 1 on page no. 17</td></tr>
<tr><td>Investment Plans & Options</td><td colspan="2">Regular Plan & Direct Plan. Both the Plans offer Growth & Half Yearly Dividend Option.
Half Yearly Dividend Option under both the Plans offers facility of Payout, Reinvestment and Sweep.</td></tr>
<tr><td>Investment Strategy</td><td>Currently, more than 80% of market capitalization of the equity market is in large capitalization stocks and pursuant to the objectives of the scheme, the scheme would invest at least 65% of its assets in companies having a market capitalization greater than ₹ 750 crores as on the date of investment (or any such amount as may be specified by India Index Services and Products Ltd. (IISL) from time to time) being the upper limit of market capitalization as a criteria for inclusion of a company in Nifty Midcap 200. However, should IISL come out with a definition of 'Large Cap companies', the same will be utilized. The scheme may also invest upto 35% of its net assets in companies having a market capitalization less than ₹ 750 crores.</td><td>The scheme will invest its assets in a portfolio of equity and equity related instruments. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. Companies selected for the portfolio which in the opinion of the AMC would possess some of the characteristics mentioned below:
- Superior management quality
- Distinct and sustainable competitive advantage
- Good growth prospects and
- Strong financial strength
The aim will be to build a diversified portfolio across major industries and economic sectors by using "Fundamental Analysis" approach as its selection process.</td></tr>
<tr><td>Applicable NAV (after the scheme opens for repurchase and sale)</td><td colspan="2">Please refer to point no. 2 on page no. 17</td></tr>
<tr><td>Minimum Application Amount / Number of Units</td><td colspan="2">
<table>
<tr><th>Purchase</th><th>Additional Purchase</th><th>Repurchase</th></tr>
<tr><td>₹5,000 and any amount thereafter under each Plan/Option.</td><td>₹1,000 and any amount thereafter under each Plan/Option.</td><td>₹500/- or 50 units</td></tr>
</table></td></tr>
<tr><td>Despatch of Repurchase (Redemption) Request</td><td colspan="2">Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund.</td></tr>
<tr><td>Comparison of open-ended schemes</td><td>The intent of Principal Large Cap Fund is to predominantly invest in Companies with large market capitalization and to build a portfolio with an endeavour to provide growth combined with relative stability associated with Large Cap stocks. Amongst all the open ended equity schemes, this is the only scheme with an investment mandate specifically directed towards large caps.</td><td>Principal Growth Fund is an open ended diversified equity scheme. It will seek to achieve long term capital appreciation by investing across market capitalization and would cover all the sectors of the economy. Investment gamut of the scheme will follow a no market cap and no sector bias. The scheme is benchmarked with S&P BSE 200 index. This is the only scheme which can be defined as truly diversified.</td></tr>
<tr><td>Dividend Policy</td><td colspan="2">Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.</td></tr>
<tr><td>Benchmark Index</td><td>S&P BSE 100 Index</td><td>S&P BSE 200 Index</td></tr>
<tr><td>Fund Manager & Managing the Current Fund from</td><td>Mr. Dhimant Shah - July 2017 (Tenure of the Fund Manager - 4 months)</td><td>Mr. P.V.K. Mohan - September 2010 (Tenure of the Fund Manager - 7 years 2 months)</td></tr>
<tr><td>Total Investment Experience</td><td>25 years</td><td>24 years</td></tr>
<tr><td>Name of the Trustee Company</td><td colspan="2">Principal Trustee Company Private Limited</td></tr>
</table>

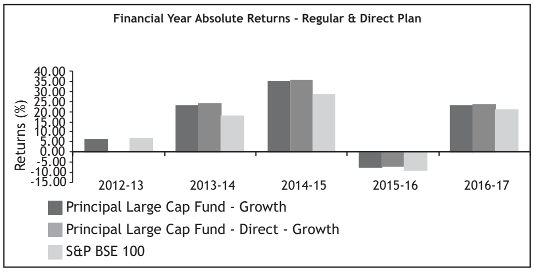
Performance of the Scheme (as on October 31, 2017)

Returns (%) of Growth Option under Regular Plan and Direct Plan as at October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	17.81	20.55	18.58	20.55
Last 3 Years	10.68	8.72	11.43	8.72
Last 5 Years	16.18	13.89	NA	13.89
Since Inception*	16.27	12.63	15.55	12.61

* Regular Plan - November 11, 2005 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.

Absolute Returns for each financial year for the last 5 years

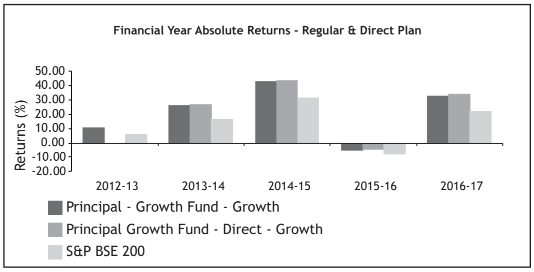


Returns (%) of Growth Option under Regular Plan and Direct Plan as at October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	30.28	20.77	31.23	20.77
Last 3 Years	16.69	10.20	17.50	10.20
Last 5 Years	22.74	14.81	NA	14.81
Since Inception*	17.05	15.20	21.56	13.50

* Regular Plan - October 25, 2000 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.

Absolute Returns for each financial year for the last 5 years



Portfolio Holdings (as on October 31, 2017)

TOP 10 HOLDINGS: HDFC Bank Ltd.: 5.30%, ICICI Bank Ltd.: 4.77%, Reliance Industries Ltd.: 4.54%, Maruti Suzuki India Ltd.: 4.07%, Housing Development Finance Corporation Ltd.: 3.78%, ITC Ltd.: 3.65%, Britannia Industries Ltd.: 3.63%, State Bank of India: 3.42%, Hindustan Unilever Ltd.: 3.02% & Larsen & Toubro Ltd.: 3.00%

SECTOR ALLOCATION: Banks: 22.64%, Consumer Non Durables: 12.53%, Auto: 9.20%, Petroleum Products: 8.74%, Finance: 7.19%, Software: 5.15%, Cement: 5.13%, Pharmaceuticals: 4.72%, Construction Project: 4.14%, Non - Ferrous Metals: 3.28%, Chemicals: 2.18%, Power: 1.97%, Media & Entertainment: 1.88%, Fertilisers: 1.42%, Ferrous Metals: 1.21%, Auto Ancillaries: 1.03%, Construction: 1.01%, Textile Products: 1.00%, Telecom - Services: 0.91%, Industrial Capital Goods: 0.85%, Hotels, Resorts and Other Recreational Activities: 0.82% & Gas: 0.40%

TOP 10 HOLDINGS: HDFC Bank Ltd.: 4.67%, ICICI Bank Ltd.: 4.24%, Reliance Industries Ltd.: 3.54%, State Bank of India: 3.02%, United Spirits Ltd.: 2.56%, Tata Motors Ltd.: 2.48%, Asahi India Glass Ltd.: 2.30%, Larsen & Toubro Ltd.: 2.28%, Gujarat Narmada Valley Fertilizers & Chemicals Ltd.: 2.20% & Bombay Burmah Trading Corporation Ltd.: 2.19%

SECTOR ALLOCATION: Banks: 22.09%, Consumer Non Durables: 10.05%, Auto: 6.03%, Pharmaceuticals: 5.78%, Cement: 5.69%, Chemicals: 5.68%, Construction Project: 5.17%, Software: 4.87%, Finance: 4.71%, Petroleum Products: 4.31%, Auto Ancillaries: 4.19%, Power: 3.39%, Non - Ferrous Metals: 2.29%, Hotels, Resorts and Other Recreational Activities: 2.10%, Consumer Durables: 1.85%, Fertilisers: 1.81%, Industrial Products: 1.76%, Minerals/Mining: 1.44%, Telecom - Services: 1.11%, Textile Products: 1.04%, Construction: 0.64% & Diversified Consumer Services: 0.49%

Website link for Monthly Portfolio Holding - www.principalindia.com

Portfolio Turnover Ratio (as on October 31, 2017)*

0.74

*The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.

0.42

*The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.

Expenses of the Scheme

(I) **Load Structure :**
Entry load : Not Applicable
Exit load : If redeemed on or before 1 Year from the date of allotment - 1%

(I) **Load Structure :**
Entry load : Not Applicable
Exit load : 1% - If redeemed within 365 days from the date of allotment.
Nil - If redeemed after 365 days from the date of allotment.

(ii) **Recurring Expenses:** Please refer to point no. 9 on page no. 22 to 23

(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017)
Direct Plan - 2.14% & **Regular Plan** - 2.81%
#Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.

(iii) **Actual Expenses:#** (For the previous Financial Year 2016-2017)
Direct Plan - 2.10% & **Regular Plan** - 2.77%
#Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.

Waiver of Load for Direct Applications	Please refer to point no. 3 on page no. 17
Tax treatment for the Investors (Unitholders)	Please refer to point no. 4 on page no. 17
Daily Net Asset Value (NAV) Publication	Please refer to point no. 5 on page no. 17
For Investor Grievances Please Contact	Please refer to point no. 6 on page no. 17
Unitholders' Information	Please refer to point no. 7 on page no. 17

Scheme Name

PRINCIPAL ARBITRAGE FUND
(An Open-ended Equity Scheme)

PRINCIPAL DIVIDEND YIELD FUND
(An Open-ended Equity Scheme)

Investment Objective

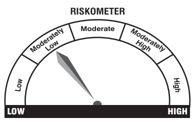
The investment objective of the scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments. There is no assurance or guarantee that the investment objective of the scheme will be realized.

To provide capital appreciation and / or dividend distribution by investing predominantly in a well-diversified portfolio of companies that have a relatively high dividend yield.

Product Label

This product is suitable for investors who are seeking~
- Income over short-term.
- Income through arbitrage opportunities between cash and derivative market and arbitrage opportunities within the derivative segment.

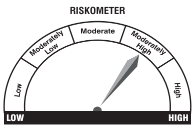
~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at moderately low risk

This product is suitable for investors who are seeking~
- Long term Capital Growth.
- Investment in equity & equity related securities including equity derivatives of high dividend yield Companies.

~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at moderately high risk

<table>
<tr>
<td>**Asset Allocation Pattern of the Scheme**</td>
<td>Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th rowspan="2">Types of Instruments</th><th colspan="2">% of Net Assets</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments</td><td>65</td><td>90</td><td>Medium to High</td></tr>
<tr><td>Equity derivatives</td><td>65</td><td>90</td><td>Medium to High</td></tr>
<tr><td>Debt securities and Money Market Instruments# (including Margin for Derivatives) and Fixed Income Derivatives</td><td>10</td><td>35</td><td>Low</td></tr>
</table>
The Scheme may invest in Treasury Bills, Repos, Reverse Repos & Collateralized Borrowing and Lending Obligations ("CBLO") and units of Debt / Liquid and Money Market Mutual Fund Schemes.

When adequate arbitrage opportunities are not available in the Derivative and Equity markets, the anticipated alternate asset allocation on defensive considerations would be in accordance with the allocation given below. However, in case no arbitrage opportunity is available, then 100% of the remaining investible corpus (excluding margin for derivatives and to the extent not deployed in arbitrage opportunities in the asset allocation pattern mentioned above) will be deployed in short term debt and money market instruments with tenure not exceeding 91 days (including investments in securitized debt). In this scenario also, the allocation in Equities and equity related instruments, Derivatives including index futures, stock futures will continue to be made in arbitrage opportunities only.
<table>
<tr><th>Types of Instruments</th><th>Minimum (%)</th><th>Maximum (%)</th><th>Risk Profile</th></tr>
<tr><td>Equity and equity related instruments including Derivatives</td><td>0</td><td>65</td><td>Medium to High</td></tr>
<tr><td>Debt securities and Money Market Instruments# (including Margin for Derivatives) and Fixed Income Derivatives</td><td>10</td><td>35</td><td>Medium to High</td></tr>
<tr><td>Short term Debt and Money market instruments not exceeding tenure of 91 days
(including investments in securitized debt</td><td>0</td><td>100</td><td>Low</td></tr>
</table>
</td>
<td>Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th rowspan="2">Types of Instruments</th><th colspan="2">% of Net Assets</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments of high dividend yield companies*</td><td>65%</td><td>100%</td><td>High</td></tr>
<tr><td>Debt & Money Market Instruments (Incl. Units of Debt / Liquid Mutual Fund Schemes and Cash)</td><td>0%</td><td>35%</td><td>Low to Medium</td></tr>
</table>
*High Dividend Yield Companies are defined as Companies whose dividend yield, at the time of investment, is equal to or higher than the dividend yield of the Company with the lowest dividend yield in the Nifty Dividend Opportunities 50 Index, ascertained as at the close of previous trading day.

The scheme intends to use derivatives for purposes that may be permitted by SEBI (Mutual Funds) Regulations, 1996 from time to time. The scheme shall have a maximum net derivatives position up to 50% of the portfolio.

The Scheme may also invest in overseas financial debt instruments including units of overseas mutual funds, as detailed below:

Investments will only be made in instruments denominated in US Dollar, Singapore Dollar, Japanese Yen, Euro, Sterling Pound or in any other liquid currency as may be decided by the AMC from time to time and will be subject to following limits:
<table>
<tr><th>Particulars</th><th>% of Net Assets</th></tr>
<tr><td>Investment in overseas financial debt instruments including units of overseas mutual funds</td><td>Not exceeding 35% of the Scheme's assets subject to a maximum limit of US $300 million per mutual fund or such other limit as specified by SEBI from time to time.</td></tr>
</table>
Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.
</td>
</tr>
<tr>
<td>**Asset Allocation Pattern of the Scheme (Contd.)**</td>
<td>#The Scheme may invest in Treasury Bills, Repos, Reverse Repos & Collateralized Borrowing and Lending Obligations ("CBLO") and units of Debt / Liquid and Money Market Mutual Fund Schemes.

Investment in Securitized Debt may be up to 30% of the net assets of the Scheme.

Subject to the SEBI Regulations, the Mutual Fund may deploy upto 20% of its total net assets of the Scheme in Stock Lending.

The above asset allocation for defensive consideration will be for a maximum period of 30 days within which the asset allocation will be rebalanced back to as indicated for normal circumstances. Any further deviation over the period of 30 days in the rebalancing would be referred to the Investment Committee of the AMC for review and suggestions.

The above mentioned investment pattern is indicative and may change for short duration. Subject to the SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, and political and economic factors. The intention being at all times to seek to protect the interests of the unit holders. Such changes in the in vestment pattern will be for short term and defensive considerations. However, due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short-term purpose only, for defensive considerations and the intention being at all times to protect the interests of the Unit Holders. The Fund Manager shall rebalance the portfolio within 30 days from the date of deviation to bring it in line with the asset allocation pattern as indicated in this SID. Further, in case the rebalancing is not done within the specified period, justification for the same shall be provided to the Investment Committee and the reason for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action.</td>
<td></td>
</tr>
<tr>
<td>**Differentiation with existing open ended equity schemes** (as at October 31, 2017)</td>
<td colspan="2">Please refer to point no. 8 on page no. 17 to 22</td>
</tr>
<tr>
<td>**Risk Profile of the Scheme**</td>
<td>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:

The primary objective of the Fund Manager is to identify investment opportunities and to exploit price discrepancies in various markets. Identification and exploitation of the strategies to be pursued by the Fund Manager involve uncertainty. No assurance can be given that Fund Manager will be able to locate investment opportunities or to correctly exploit price discrepancies in the capital markets. Reduction in mis-pricing opportunities between the cash market and Future and Options market may lead to lower level of activity.

As the Scheme proposes to execute arbitrage transactions in various markets simultaneously, this may result in high portfolio turnover and, consequently, high transaction cost. There may be instances, where the price spread between cash and derivative market is insufficient to meet the cost of carry. In such situations, the fund manager due to lack of opportunities in the derivative market may not be able to outperform liquid / money market funds.

Though the constituent stocks of most indices are typically liquid, liquidity differs across stock. Due to heterogeneity in liquidity in the capital market segment, trades on this segment do not get implemented instantly. This often makes arbitrage expensive, risky and difficult to implement.</td>
<td>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below: 1. Though the investments would be made in companies having a track record of dividend payments, the performance of the scheme would inter-alia depend on the ability of these companies to sustain dividends in future. 2. These stocks, at times, may be relatively less liquid as compared to growth stocks. 3. The securities in the fund would be predominantly characterized as those having a value style. There could be time periods when securities of this nature would under-perform relative to other stocks in the market. This could have an impact on the relative performance of the fund over differing time periods.</td>
</tr>
<tr>
<td>**Risk Mitigation Factors**</td>
<td>This investment strategy attempts to profit from the Cost of Carry between the cash markets and futures market. The Cost of Carry tracks short term interest rates and therefore, while the rate of return will vary, we expect that there will always be opportunities that can be exploited.

Type of Risk & Measures to mitigate risk

Volatility: The Scheme will take arbitrage position in cash and derivative segment whereby it will buy stock in cash segment and sell corresponding stock futures in derivatives segment. Such position may be wound up either before maturity or rolled over/square off on maturity (i.e. last Thursday of the month). On settlement day, the positions are expected to</td>
<td>**1. Risk mitigation factors for investments associated with equities:**
• Focused risk management with an endeavour to ensure adequate safeguards for controlling risks during portfolio construction.
• Reducing risks through portfolio diversification, taking care however not to dilute returns of the scheme(s).
• Use derivatives and hedging products as permitted as RBI/SEBI to protect the value of portfolio.</td>
</tr>
</table>

<table>
<tr>
<td>Risk Mitigation Factors (Contd.)</td>
<td>converge. Hence, volatility in stock/future prices during the intervening period is not applicable and therefore, volatility risk is not applicable to the Scheme.
Liquidity: The Scheme would use arbitrage strategies using derivatives traded on futures & option segment of stock exchanges. Liquidity of stocks admitted to futures & option segment of stock exchanges is reasonably higher.
Concentration: The fund manager would identify opportunities for mis-pricing in cash and derivative segment and execute the deals simultaneously in both the markets. The Scheme will not take any sector/stock specific position and trade decisions will be purely based on the spread between cash and future price. Hence, concentration risk is not applicable.</td>
<td>• Implement exposure limits which may be varied from time to time. In case of Equity funds, restricting the exposure to any industry (as defined in AMFI classification) as a percentage of the portfolio at any point of time.
• Portfolio shall be maintained in such a manner so as to provide necessary liquidity (after considering inflows and redemptions).
• Due diligence of a company so as to minimize stock specific risks.
2. Risk mitigation factors for investments associated with Debt and/or Money Market Instruments:
• Rigorous in-depth credit evaluation of the securities proposed to be invested focussing on analysis of fundamentals of the company, company's financials and the quality of management.
• Use derivatives and hedging products to protect the value of portfolio.
• To invest over a range of companies, groups as well as industries in accordance with SEBI Regulations with an endeavour to reduce risk using diversification.
• Having appropriate portfolio turnover to meet cash flow requirements, adjustments relating to average maturity of the assets held, change or an anticipated change in the credit worthiness of the investee companies.
• Control credit risk by investing in rated papers of the companies having strong fundamentals, sound financial strength and superior quality of management.
• Reduce Liquidity Risk by investing in CBLO and other such similar short term highly liquid instruments.</td>
</tr>
<tr>
<td>Investment Plans & Options</td>
<td>The Scheme will offer two Plans i.e. Regular Plan & Direct Plan.
Each of the Plans mentioned above offers Growth and Dividend Option.
The Monthly Dividend Option under both the Plans will have the facility of Payout, Reinvestment and Sweep.</td>
<td>Regular Plan & Direct Plan. Both the Plans offer Growth & Half Yearly Dividend Option.
Half Yearly Dividend Option under both the Plans offers facility of Payout, Reinvestment and Sweep.</td>
</tr>
<tr>
<td>Investment Strategy</td>
<td>The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the scheme may predominantly invest in short-term debt and money market securities. The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously. For example, on December 4, 2014, the scheme buys a share of XYZ Company on spot @ ₹ 1000 and at the same time sells XYZ Company futures for December 2014 expiry @ ₹ 1020. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 25, 2014. If the scheme holds this position till expiry of the futures, the scheme earns profit of ₹ 20 on the date of expiry before accounting for trading costs and taxes.
In case the scheme has to unwind the transaction prior to the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at ₹ 980 and the futures are bought at ₹ 1010 then there would be negative returns on the trade. If the spot is sold at ` 1020 and the futures are bought at ₹ 1015 then there would be positive returns from the trade. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously. Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity while holding onto the spot position. There could also be occasions when both the spot and the future position is unwound before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. The Scheme will strive to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures. The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 December 2014, the scheme buys 1000 futures contracts of ABC Ltd. For December expiry at ₹ 3000 each and sells an equivalent 1000 futures contract of ABC Ltd. for January expiry at ₹ 3030. Thereby the scheme enters into a fully hedged transaction. Closer to the expiry date of the December contract, the scheme has two options. 1) Unwind the transaction by selling the 1000 December contracts and buying 1000 January contracts of ABC. The returns are a function of the spread between the sale price of the January contract and the buy price of the December contract. If this spread is less than ₹ 30, the returns are positive else the returns are negative. 2) On the expiry date i.e. 30 December, 2014, the scheme would let the December contract expire and square off 1000 contracts that it holds for January maturity. The returns would be a function of the spread between settlement price of the December contract and the price at which January contracts are squared-off. If this spread is lower than ` 30 then the returns are positive and if it is higher than ₹ 30 the returns are negative. The Scheme can also initiate the transaction in the opposite direction i.e. by selling the December futures and buying the January futures, if it sees a profit potential. Under all circumstances the scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the scheme can also take offsetting positions in index futures of different calendar month.
The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks. The Scheme would invest in a range of fixed income and money market instruments including units of Debt/Liquid/Money Market Mutual Fund Schemes. Further the Scheme may also invest in financial derivatives such as options and futures & Interest Rate Swap (IRS) that are permitted or may become permissible under SEBI/RBI Regulations. The proportion of assets to be so invested would be decided by the AMC at the appropriate time, and would be done in accordance with the relevant guidelines to be issued by SEBI/RBI and other authorities.</td>
<td>The scheme would invest predominantly (at least 65% of the net assets) in companies that have a relatively high dividend yield, at the time of making the investment. The Fund is defining dividend yield as "high" if the security is either constituent of the Nifty Dividend Opportunities 50 Index, or, has a dividend yield higher than that of the NSE Nifty on the earlier trading day, at the time of investment.</td>
</tr>
<tr>
<td>Applicable NAV (after the scheme opens for repurchase and sale)</td>
<td colspan="2">Please refer to point no. 2 on page no. 17</td>
</tr>
<tr>
<td>Minimum Application Amount / Number of Units</td>
<td colspan="2">
<table>
<tr><th>Purchase</th><th>Additional Purchase</th><th>Repurchase</th></tr>
<tr><td>₹ 5000 and any amount thereafter under each Plan/Option.</td><td>₹ 1000 and any amount thereafter under each Plan/Option.</td><td>₹ 500/- or 50 units</td></tr>
</table>
</td>
</tr>
</table>

Despatch of Repurchase (Redemption) Request	Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund.	
Comparison of open-ended schemes	The scheme is positioned to generate capital appreciation and income by investing in arbitrage opportunities in the cash and derivative segments of equity markets and in debt and money market securities.	The scheme is an open ended equity scheme which will predominantly seek to invest in companies which have a dividend yield of at least 1.5 times that of Nifty 50 Index. While the scheme has an option to diversify some of its investments in other equity/equity related instruments, what sets it apart is that it will follow a diversified equity and across market capitalization mandate but with focus towards such companies which have a high dividend yield as mentioned above. In the basket of open ended equity schemes of Principal Mutual Fund, this is the only scheme which has a specific mandate to invest in high dividend yielding companies.
Dividend Policy	Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.	
Benchmark Index	CRISIL Liquid Fund Index.	Nifty Dividend Opportunities 50 index
Fund Manager & Managing the Current Fund from	Mr. Rajat Jain - April 2016 (Tenure of the Fund Manager - 1 year 7 months)	Mr. Dhimant Shah - December 2011 (Tenure of the Fund Manager - 5 years 11 months)
Total Investment Experience	28 years	25 years
Name of the Trustee Company	Principal Trustee Company Private Limited	

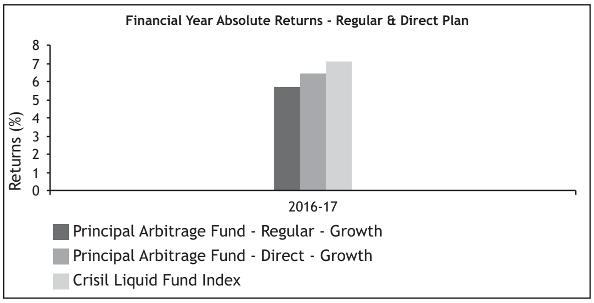
Performance of the Scheme
(as on October 31, 2017)

Returns (%) of Growth Option under Regular Plan and Direct Plan as at October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	4.85	6.71	5.58	6.71
Since Inception*	5.43	6.94	6.17	6.94

* Regular Plan - April 21, 2016 Direct Plan - April 21, 2016
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.

Absolute Returns for each financial year for the last 5 years

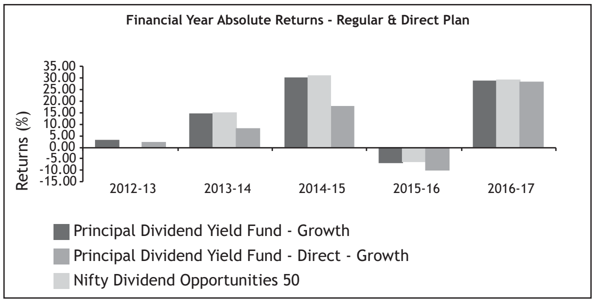


Returns (%) of Growth Option under Regular Plan and Direct Plan as at October 31, 2017

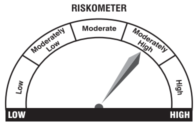
Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	28.64	19.72	28.90	19.72
Last 3 Years	13.76	6.28	14.24	6.28
Last 5 Years	16.49	9.91	NA	9.91
Since Inception*	13.49	NA	15.40	8.15

* Regular Plan - October 15, 2004 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.

Absolute Returns for each financial year for the last 5 years



Portfolio Holdings (as on October 31, 2017)	**TOP HOLDINGS:** Aurobindo Pharma Ltd.: 11.06%; Dewan Housing Finance Corporation Ltd.: 10.79%; IDFC Ltd.: 10.46%; The India Cements Ltd.: 10.46%; Oil & Natural Gas Corporation Ltd.: 10.03%; Reliance Industries Ltd.: 7.90%; IRB Infrastructure Developers Ltd.: 7.64%; Fortis Healthcare Ltd.: 4.89% & Jet Airways (India) Ltd.: 3.92% **SECTOR ALLOCATION:** Finance: 21.25%, Pharmaceuticals: 11.06%, Cement: 10.46%, Oil: 10.03%, Petroleum Products: 7.90%, Construction: 7.64%, Healthcare Services: 4.89% & Transportation: 3.92%	**TOP 10 HOLDINGS:** Hindustan Unilever Ltd.: 7.64%, Maruti Suzuki India Ltd.: 4.42%, Hero MotoCorp Ltd.: 4.23%, ITC Ltd.: 4.09%, ICICI Bank Ltd.: 3.66%, HDFC Bank Ltd.: 3.48%, Reliance Industries Ltd.: 3.48%, Bharat Petroleum Corporation Ltd.: 3.37%, Dalmia Bharat Ltd.: 3.30% & State Bank of India: 3.09% **SECTOR ALLOCATION:** Consumer Non Durables: 17.17%, Banks: 14.58%, Auto: 11.48%, Petroleum Products: 9.86%, Cement: 6.01%, Chemicals: 4.72%, Gas: 4.19%, Industrial Products: 3.98%, Software: 3.32%, Oil: 3.02%, Auto Ancillaries: 2.82%, Textile Products: 2.76%, Construction Project: 2.59%, Non - Ferrous Metals: 2.58%, Finance: 2.15%, Pharmaceuticals: 2.02%, Pesticides: 1.37%, Consumer Durables: 1.09%, Construction: 1.09%, Paper: 1.04% & Ferrous Metals: 0.91%
	Website link for Monthly Portfolio Holding - www.principalindia.com	
Portfolio Turnover Ratio (as on October 31, 2017)*	**12.18** * The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period. **Note:** Scheme has not completed 1 year, hence PTR is not applicable.	**0.62** *The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.
Expenses of the Scheme	**(I) Load Structure :** Entry load : Not Applicable Exit load : If redeemed on or before 30 days from the date of allotment - 0.50%. If redeemed after 30 days from the date of allotment - NIL	**(I) Load Structure :** Entry load : Not Applicable Exit load : If redeemed on or before 1 Year from the date of allotment - 1%.
	(ii) Recurring Expenses: Please refer to point no. 9 on page no. 22 to 23	
	(iii) Actual Expenses:# (For the previous Financial Year 2016-2017) **Direct Plan** - 0.35% • **Regular Plan** - 1.05% #Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.	**(iii) Actual Expenses:#** (For the previous Financial Year 2016-2017) **Direct Plan** - 2.64% • **Regular Plan** - 3.00% #Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.
Waiver of Load for Direct Applications	Please refer to point no. 3 on page no. 17	
Tax treatment for the Investors (Unitholders)	Please refer to point no. 4 on page no. 17	
Daily Net Asset Value (NAV) Publication	Please refer to point no. 5 on page no. 17	

<table>
<tr><td>For Investor Grievances Please Contact</td><td>Please refer to point no. 6 on page no. 17</td></tr>
<tr><td>Unitholders' Information</td><td>Please refer to point no. 7 on page no. 17</td></tr>
<tr><td>Scheme Name</td><td>PRINCIPAL INDEX FUND - NIFTY
(An Open-ended Index Scheme)</td></tr>
<tr><td>Investment Objective</td><td>To invest principally in securities that comprise Nifty 50 (NSE) and subject to tracking errors endeavour to attain results commensurate with the Nifty.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking~
• Long term Capital Growth.
• Investment in equity securities including equity derivatives of Nifty 50 Companies.
~Investors should consult their financial advisors if in doubt about whether the product is suitable for them.


Investors understand that their principal will be at moderately high risk</td></tr>
<tr><td>Asset Allocation Pattern of the Scheme</td><td>Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th rowspan="2">Types of Instruments</th><th colspan="2">% of Net Assets</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Nifty 50 Stocks</td><td>0%</td><td>100%</td><td>Medium to High</td></tr>
<tr><td>Money Market Instruments</td><td>0%</td><td>10%</td><td>Low</td></tr>
</table>
The Asset Management Company reserves the right to invest in derivatives up to 50% of the net assets of the Scheme.
Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.</td></tr>
<tr><td>Differentiation with existing open ended equity schemes (as at October 31, 2017)</td><td>Please refer to point no. 8 on page no. 17 to 22</td></tr>
<tr><td>Risk Profile of the Scheme</td><td>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:
The value of the equity securities owned by the Scheme changes on a daily basis. Equity Securities, prices reflect the activities of individual companies and general market and economic conditions. In the short term, equity security prices can fluctuate dramatically in response to these factors.
Tracking Error: The performance of the Scheme may not be commensurate with the performance of the Nifty on any given day or over any given period. Such variation, referred to as tracking errors are defined in Scheme Information Document and may result from a variety of factors including but not limited to:
• The Nifty reflects the prices of securities at close of business hours. However the Scheme may buy or off-load securities at different points of time during the trading session at the then prevailing prices which may not correspond to the closing prices on the NSE.
• IISL undertakes a periodical review of the scrips that comprise the Nifty and may either drop or include new securities. In such an event the Scheme will endeavour to reallocate its portfolio but the available investment opportunities may not permit precise mirroring of the Nifty 50.
• Dis-investments to meet exits of investors, recurring expenses, etc. as elsewhere indicated in the Scheme Information Document.
As with all Mutual Funds, the value of the Scheme's assets under this option may rise or fall. If units are redeemed when their value is less than the price paid for money may be lost by the Unitholder.</td></tr>
<tr><td>Risk Mitigation Factors</td><td>Please refer to point no. 1 on page no. 17</td></tr>
<tr><td>Investment Plans & Options</td><td>Regular Plan & Direct Plan. Both the Plans offer Growth & Dividend Option.
The Dividend Option under both the Plans offers facility of Payout, Reinvestment and Sweep.</td></tr>
<tr><td>Investment Strategy</td><td>Units of the scheme have been designed with the intention of tracking the movement of securities (from time to time) included in the Nifty 50 Index. The Scheme plans to do this by investing the entire corpus in the stocks that comprise the Nifty 50 Index in weights similar to the weightage given by Nifty 50 Nifty 50 Index so that the portfolio would appreciate or depreciate (subject to tracking errors) more or less in the same manner as the Nifty 50 Index.
Subject to the requirements of cash flows to meet the recurring expenses and to service investors who decide to exit from the Scheme or for distribution of income, if any, to investors, it is proposed that the corpus of the scheme will be invested in the Nifty 50 Index securities. It is also proposed that disinvestment will take place only when investors exit from the Scheme or when any security ceases to be included in the Nifty 50 Index or to meet the cash flow requirements.
The Nifty 50 Index is designed to reflect the perceptions of the investors about the Indian economy. This is sought to be achieved by IISL by including companies representing a cross-section of the various sectors of the Indian economy. By endeavoring to track the Nifty 50 Index to the extent possible under the prevailing circumstances and environment objectives and the features of the Scheme, the Fund expects to generate returns in the Scheme approximating the performance of the Nifty 50 Index.</td></tr>
<tr><td>Applicable NAV (after the scheme opens for repurchase and sale)</td><td>Please refer to point no. 2 on page no. 17</td></tr>
<tr><td>Minimum Application Amount / Number of Units</td><td>
<table>
<tr><th>Purchase</th><th>Additional Purchase</th><th>Repurchase</th></tr>
<tr><td>₹5,000 and any amount thereafter under each Plan/Option.</td><td>₹1,000 and any amount thereafter under each Plan/Option.</td><td>₹500/- or 50 units</td></tr>
</table></td></tr>
<tr><td>Dispatch of Redemption Proceeds</td><td>Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund.</td></tr>
<tr><td>Comparison of open-ended schemes</td><td>As the name of the scheme suggests, the investment mandate of this Scheme is to invest in securities comprised in Nifty 50 Index. The investment weightage of the stocks will reflect the weightage of the respective companies in the benchmark index. The scheme will offer to investors, an opportunity to invest in NSE Nifty companies and participate in the growth offered by these companies. Subject to tracking error, the scheme will seek to offer returns as offered by Nifty 50 Index. Presently this is the only index fund which is available in the bouquet of open ended equity schemes offered by Principal Mutual Fund.</td></tr>
<tr><td>Dividend Policy</td><td>Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC/Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.</td></tr>
<tr><td>Benchmark Index</td><td>Nifty 50 Index</td></tr>
<tr><td>Fund Manager & Managing the Current Fund from</td><td>Mr. Rajat Jain - August 2015 (Tenure of the Fund Manager - 2 years 3 months)</td></tr>
<tr><td>Total Investment Experience</td><td>28 years</td></tr>
<tr><td>Name of the Trustee Company</td><td>Principal Trustee Company Private Limited</td></tr>
</table>

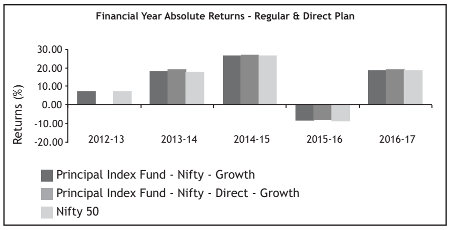
Performance of the Scheme

Returns (%) of Growth Option under Regular Plan and Direct Plan as at October 31, 2017

Period	Regular Plan		Direct Plan	
	Scheme	Benchmark	Scheme	Benchmark
Last 1 Year	19.71	19.47	20.31	19.47
Last 3 Years	7.74	7.48	8.28	7.48
Last 5 Years	13.33	12.95	NA	12.95
Since Inception*	11.38	11.97	12.84	11.94

Regular Plan - July 27, 1999 Direct Plan - January 2, 2013
Past performance may or may not be sustained in the future.
Note: Returns more than 1 year are calculated on compounded annualised basis.

Absolute Returns for each financial year for the last 5 years



Portfolio Holdings
(as on October 31, 2017)

TOP 10 HOLDINGS: HDFC Bank Ltd.: 9.24%, Reliance Industries Ltd.: 7.82%, Housing Development Finance Corporation Ltd.: 6.82%, ITC Ltd.: 5.68%, ICICI Bank Ltd.: 4.80%, Infosys Ltd.: 4.59%, Larsen & Toubro Ltd.: 3.75%, Kotak Mahindra Bank Ltd.: 3.40%, Tata Consultancy Services Ltd.: 3.26% & State Bank of India: 2.84%

SECTOR ALLOCATION: Banks: 26.02%, Petroleum Products: 10.77%, Software: 10.74%, Auto: 9.77%, Consumer Non Durables: 9.23%, Finance: 8.90%, Pharmaceuticals: 4.23%, Construction Project: 3.75%, Power: 2.58%, Non - Ferrous Metals: 2.54%, Cement: 1.68%, Telecom - Services: 1.66%, Oil: 1.36%, Ferrous Metals: 1.19%, Minerals/Mining: 0.94%, Transportation: 0.83%, Telecom - Equipment & Accessories: 0.79%, Gas: 0.76%, Media & Entertainment: 0.75%, Pesticides: 0.71% & Auto Ancillaries: 0.49%

Website link for Monthly Portfolio Holding - www.principalindia.com

Portfolio Turnover Ratio
(as on October 31, 2017)*

0.08

*The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.

Expenses of the Scheme

(I) Load Structure :

Entry load : Not Applicable
Exit load : 1% - if redeemed on or before 90 days from the date of allotment.
Nil - if redeemed after 90 days from the date of allotment.

(ii) Recurring Expenses: Please refer to point no. 9 on page no. 22 to 23

(iii) Actual Expenses:# (For the previous Financial Year 2016-2017)

Direct Plan - 0.35% • **Regular Plan** - 1.05%

#Expense ratio includes Service tax on Management Fees over and above TER and Additional B15 Exp ratio.

Waiver of Load for Direct Applications

Please refer to point no. 3 on page no. 17

Tax treatment for the Investors (Unitholders)

Please refer to point no. 4 on page no. 17

Daily Net Asset Value (NAV) Publication

Please refer to point no. 5 on page no. 17

For Investor Grievances Please Contact

Please refer to point no. 6 on page no. 17

Unitholders' Information

Please refer to point no. 7 on page no. 17

Information Common to Schemes

1. Risk Mitigation Factors (except for Principal Arbitrage Fund)

1. **Risk mitigation factors for investments associated with equities:**
   - Focused risk management with an endeavour to ensure adequate safeguards for controlling risks during portfolio construction.
   - Reducing risks through portfolio diversification, taking care however not to dilute returns of the scheme(s).
   - Use derivatives and hedging products as permitted as RBI/SEBI to protect the value of portfolio.
   - Implement exposure limits which may be varied from time to time. In case of Equity funds, restricting the exposure to any industry (as defined in AMFI classification) as a percentage of the portfolio at any point of time.
   - Portfolio shall be maintained in such a manner so as to provide necessary liquidity (after considering inflows and redemptions).
   - Due diligence of a company so as to minimize stock specific risks.
2. **Risk mitigation factors for investments associated with Debt and/or Money Market Instruments:**
   - Rigorous in-depth credit evaluation of the securities proposed to be invested focussing on analysis of fundamentals of the company, company's financials and the quality of management.
   - Use derivatives and hedging products to protect the value of portfolio.
   - To invest over a range of companies, groups as well as industries in accordance with SEBI Regulations with an endeavour to reduce risk using diversification.
   - Having appropriate portfolio turnover to meet cash flow requirements, adjustments relating to average maturity of the assets held, change or an anticipated change in the credit worthiness of the investee companies.
   - Control credit risk by investing in rated papers of the companies having strong fundamentals, sound financial strength and superior quality of management.
   - Reduce Liquidity Risk by investing in CBLO and other such similar short term highly liquid instruments.

2. Applicable NAV (after the scheme opens for repurchase and sale)

For Subscription / Switch -in / Sweep:

(a) In respect of valid applications received upto 3.00 pm with a local cheque or demand draft payable at par at the Official Points of Acceptance of Transactions where it is received, the closing NAV of the day of receipt of application shall be applicable;

(b) In respect of valid applications received after 3.00 pm with a local cheque or demand draft payable at par at the Official Points of Acceptance of Transactions where it is received, the closing NAV of the next business day shall be applicable.

In respect of purchase/switch-ins to the schemes for an amount equal to or more than Rs 2 Lakhs, the closing NAV (Net Asset Value) of the day on which both funds are realized and application (duly time stamped) is received up to 3:00 pm shall be applicable.

Further, in case of multiple applications for purchases/switch-ins in any of the Scheme (irrespective of its Plan/ Option) for an aggregate investment amount equal to or more than Rs 2 Lakh on the same business day such application shall be consolidated at PAN level, and all such application will be subjected to the above rule applicable to an application received for Rs 2 Lakhs and above

For Redemptions / Switch–out:

(a) In respect of valid applications received upto 3.00 p.m. at the Official Points of Acceptance of Transactions, the closing NAV of the day of receipt of application shall be applicable; and

(b) In respect of valid applications received after 3.00 p.m. at the Official Points of Acceptance of Transactions, the closing NAV of the next business day shall be applicable.

The above cut-off timings shall also be applicable to investment made through "Sweep" mode available in the Dividend Option.

Cut off time as mentioned above shall be reckoned at the Official Points of Acceptance of transactions as disclosed in the Scheme Information Document, KIM and the web-site, www.principalindia.com

3. Waiver of Load for Direct Applications

Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no entry load shall be charged for all Mutual Fund Scheme(s). Therefore, the procedure for waiver of load for direct applications is no longer applicable.

4. Tax treatment for the Investors (Unitholders)

Investors are advised to refer to the details in the Statement of Additional Information and also independently consult their tax advisor.

5. Daily Net Asset Value (NAV) Publication

The NAV of the Scheme will be calculated on all Business Days. NAV will be published in 2 newspapers having nationwide circulation. The same would also be updated on AMFI website by 9.00 p.m. on all Business Days. The NAV can also be viewed on the website of the Mutual Fund i.e. www.principalindia.com.

6. For Investor Grievances Please Contact

Principal Mutual Fund: Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051. TOLL FREE: 1800 425 5600. Fax: +91 22 6772 0512. E-mail: customer@principalindia.com

Registrar: Karvy Computershare Pvt. Ltd. (Unit: Principal Mutual Fund), Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032. • www.karvycomputershare.com

7. Unitholders' Information

Account Statement: An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of receipt of valid application to the Unit holders registered e-mail address and/or mobile number. Thereafter, a Consolidated Account Statement (CAS) containing details relating to all the transactions carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month shall be sent to the Unit holder in whose folio transactions have taken place during that month, on or before 10th of the succeeding month. In case of a specific request received from the Unit holders, the AMC/Fund will provide an account statement (reflecting transactions of the Fund) to the investors within 5 Business Days from the receipt of such request. Further, the CAS detailing holding across all schemes of all mutual funds at the end of every six months (i.e. September/ March), shall be sent by mail/e-mail on or before 10th of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period. The half yearly consolidated account statement will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical form. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically. Investors having MF investments and holding securities in Demat account shall receive a single Consolidated Account Statement (CAS) from the Depository. If an investor does not wish to receive single CAS from the depository, an option shall be given to the investor to indicate negative consent and receive the normal CAS only w.r.t mutual fund investments in lieu of this single CAS. For more details, please refer the Scheme Information Document (SID) and Statement of Additional Information (SAI).

Securities Consolidated Account Statement (SCAS): Investors who have a demat account and opt to hold units in nondemat form, a single SCAS generated based on PAN for each calendar month, shall be sent by mail/email in whose folio(s) transaction(s) has/have taken place during the month on or before 10th of the succeeding month. The SCAS will be sent by e-mail to the investor(s) whose e-mail address is registered with the Depositories. In case an investor does not wish to receive SCAS through e-mail, an option shall be given by the Depository to receive SCAS in physical. Where PAN is not available, the account statement shall be sent to the Unit holder by the AMC. In case there is no transaction in the folio, a half yearly SCAS detailing holding across all schemes of mutual funds and securities held in dematerialized form across demat accounts shall be sent by Depositories to investors at the end of every six months (i.e. September/March), on or before 10th day of succeeding month. The half yearly SCAS will be sent by mail/e-mail as per the mode of receipt opted by the investors to receive monthly SCAS. Investors who are not eligible for receiving SCAS shall continue to receive a monthly account statement from the AMC. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically. For more details, please refer the SID and SAI.

Portfolio Statement: The Annual financial results of the Schemes or an abridged summary thereof shall be mailed to all unitholders within 4 months from the date of the closure of the relevant accounts i.e. March 31 each year. Half Yearly unaudited financial results shall be hosted on our website - www.principalindia.com within one month from the close of each half year (i.e. 31st March and 30th September). Half yearly portfolio shall be published within one month from the close of each half year in at least in one National English daily and one regional newspaper in the region where the head office of the mutual fund is located.

8. Differentiation with existing open ended equity schemes (as at October 31, 2017)

PRINCIPAL LARGE CAP FUND

Investment Objective: The Investment Objective of the scheme would be to provide capital appreciation and /or dividend distribution by predominantly investing in companies having a large market capitalization.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
Large Cap Equity and Equity related instruments**	65	100	High
Equity & Equity related instruments (other than in (1) above)	0	35	High
Money Market Instruments	0	30	Low to Medium

** For the purpose of this Fund, Large Cap Companies are defined as those having market capitalization greater than Rs. 750 crore as on the date of investment (or any such amount as may be specified by India Index Services and Products Limited (IISL) from time to time) being the upper limit of market capitalization as a criteria for inclusion of a company in CNX Midcap 200 Index. However, should IISL come out with a definition of 'Large Cap companies', the same will be utilized.

8. Differentiation with existing open ended equity schemes (as at October 31, 2017) (Contd.)

The AMC reserves the right to invest in foreign securities and derivatives as follows:-

Particulars	**Normal Allocation (% of Net Assets)**
Investment in ADR/ GDR and foreign securities (equity and equity related instruments)	Not exceeding 30% of the Net Assets of the scheme (subject to a maximum limit of US $300 million) or such other limit as specified by SEBI from time to time.
Equity Derivatives	Not exceeding 50% of the Net assets subject to limits as specified by SEBI from time to time.

Investment Strategy: Currently, more than 80% of market capitalization of the equity market is in large capitalization stocks and pursuant to the objectives of the scheme, the scheme would invest at least 65% of its assets in companies having a market capitalization greater than Rs.750 crores as on the date of investment (or any such amount as may be specified by India Index Services and Products Ltd. (IISL) from time to time) being the upper limit of market capitalization as a criteria for inclusion of a company in CNX Midcap 200 Index. However, should IISL come out with a definition of 'Large Cap companies', the same will be utilized. The scheme may also invest upto 35% of its net assets in companies having a market capitalization less than Rs.750 crores.

AUM in Rs. Cr. (October 31, 2017): 321.54

No. of Folios (October 31, 2017): 37,518

Differentiation: The Scheme is an equity scheme that invests largely in large cap stocks to generate long term capital appreciation.

PRINCIPAL GROWTH FUND

Investment Objective: To achieve long - term capital appreciation.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	**Normal Allocation (% of Net Assets)**		**Risk Profile**
	Minimum	**Maximum**	
Equity and Equity Related Instruments	65	100	High
Debt (including securitised debt*) and Money market instruments	0	35	Low to Medium

* Investment in Securitized Debt may be up to 35% of the net assets of the Scheme.

The Asset Management Company (AMC) reserves the right to invest in Derivatives upto 50% of the net assets of the Scheme.

Investment Strategy: The scheme will invest its assets in a portfolio of equity and equity related instruments. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. Companies selected for the portfolio which in the opinion of the AMC would possess some of the characteristics mentioned below:

- Superior management quality
- Distinct and sustainable competitive advantage
- Good growth prospects and
- Strong financial strength

The aim will be to build a diversified portfolio across major industries and economic sectors by using "Fundamental Analysis" approach as its selection process.

AUM in Rs. Cr. (October 31, 2017): 551.20

No. of Folios (October 31, 2017): 74,399

Differentiation: The Scheme is a diversified equity scheme that invests across sectors to generate long term capital appreciation.

PRINCIPAL EMERGING BLUECHIP FUND

Investment Objective: The primary objective of the Scheme is to achieve long-term capital appreciation by investing in equity & equity related instruments of Mid cap & Small cap companies.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	**Normal Allocation (% of Net Assets)**		**Risk Profile**
	Minimum	**Maximum**	
Equity & equity related instruments of Mid Cap companies	65	95	High
Equity & equity related instruments of Small Cap companies	5	15	High
Equity & equity related instruments of Companies other than Mid & Small Cap companies	0	30	High
Total Equity	70	100	High
Cash & Money Market / Fixed Income Securities (including MIBOR Linked Short Term Papers & Securitised Debt*)	0	30	Low to Medium

*Investment in Securitised Debt may be up to 30% of the net assets of the Scheme.

Note: The Asset Management Company (AMC) reserves the right to invest in derivatives (Equity Derivatives) not exceeding 50 % of the Net Assets, subject to limits specified by SEBI from time to time.

Investment Strategy: The investment strategy of the fund will be based on market cap of the stocks. The fund will predominantly invest in midcap stocks. This midcap range will be so determined taking into account the midcap range of the benchmark index at the end of every calendar quarter. Such midcap range once determined at quarter end will apply to all investment decisions made during the following quarter. The fund will also invest in small cap stocks to tap high growth opportunities offered by such stocks.

For the purpose of maintaining liquidity or tap market opportunities; the fund may also invest in large cap stocks. Stocks selection will be primarily on bottom up approach on stock-by-stock basis. As part of its objective of maximizing investor's wealth creation potential over the longer duration, the fund may also invest in equity and equity related instruments of unlisted companies in line with SEBI regulations. A part of the portfolio will also tap arbitrage opportunities in the domestic markets like equity & equity related instruments, convertible preference shares, and convertible debentures. The Scheme intends to invest in derivatives not exceeding 50% of the net assets of the Schemes, subject to the limits as specified from time to time for hedging and rebalancing purposes or to undertake any other strategy as permitted under SEBI Regulations from time to time.

AUM in Rs. Cr. (October 31, 2017): 1,427.19

No. of Folios (October 31, 2017): 114,330

Differentiation: The Scheme is an equity scheme that invests in Mid & Small cap stocks to generate long term capital appreciation.

PRINCIPAL PERSONAL TAX SAVER FUND

Investment Objective: To provide long term growth of capital. The Investment Manager will aim to achieve a return on assets in excess of the performance of S&P BSE 100 Index.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	**Normal Allocation (% of Net Assets)**	**Risk Profile**
Equity and Equity Linked Instruments	Not less than 80%	High
Debt securities (*Including Securitised Debt) and Money market instruments	Up to 20%	Low to Medium

The Scheme may invest up to 50% of the net assets of the Scheme in derivatives

*Investment in Securitised Debt may be up to 20% of the net assets of the Scheme.

Investment Strategy: The strategy will be to allocate the assets of the Scheme between permissible securities in line with the portfolio profile described above, with the objective of achieving capital appreciation. The actual percentage of investment in various securities will be decided by the Fund Manager(s) within the limits specified in the Investment Pattern after considering the macroeconomic conditions including the prevailing political conditions, the economic environment (including interest rates and inflation) and to adhere to the need for a diversified portfolio in accordance with the applicable guidelines. The Fund Managers will follow an active investment strategy depending on the market situation and opportunities available at various points of time.

AUM in Rs. Cr. (October 31, 2017): 342.76

8. Differentiation with existing open ended equity schemes (as at October 31, 2017) (Contd.)

No. of Folios (October 31, 2017): 96,688

Differentiation: The Scheme is an equity scheme that aim to generate long term capital appreciation.

Investors enables to get income tax rebate as per the prevailing Tax Laws, subject to lock in period of 3 years from the date of allotment.

PRINCIPAL INDEX FUND - NIFTY

Investment Objective: To invest principally in securities that comprise Nifty 50 and subject to tracking errors endeavor to attain results commensurate with the Nifty.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	**Normal Allocation (% of Net Assets)**		**Risk Profile**
	Minimum	**Maximum**	
Nifty 50 Stocks	0	100	Medium to High
Money Market Instruments	0	10	Low

The Asset Management Company reserves the right to invest in derivatives up to 50% of the net assets of the Scheme.

Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.

Investment Strategy: The scheme has been designed with the intention of tracking the movement of securities (from time to time) included in the Nifty. The Scheme plans to do this by investing the entire corpus in the stocks that comprise the Nifty in weights similar to the weightage given by Nifty so that the portfolio would appreciate or depreciate (subject to tracking errors) more or less in the same manner as the Nifty.

Subject to the requirements of cash flows to meet the recurring expenses and to service investors who decide to exit from the Scheme or for distribution of income, if any, to investors, it is proposed that the corpus of the scheme will be invested in the Nifty securities. It is also proposed that disinvestment will take place only when investors exit from the Scheme or when any security ceases to be included in the Nifty or to meet the cash flow requirements.

The Nifty is designed to reflect the perceptions of the investors about the Indian economy. This is sought to be achieved by IISL by including companies representing a cross-section of various sectors of the Indian economy. By endeavoring to track the Nifty to the extent possible under the prevailing circumstances and environment objectives and the features of the Scheme, the Fund expects to generate returns in the Scheme approximating the performance of the Nifty.

AUM in Rs. Cr. (October 31, 2017): 18.54

No. of Folios (October 31, 2017): 948

Differentiation: The scheme is a passively managed index fund, which would invest in all the stocks comprising Nifty 50 Index in the same proportion as their weightage in the index.

PRINCIPAL DIVIDEND YIELD FUND

Investment Objective: The investment objective of the scheme would be to provide capital appreciation and/or dividend distribution by investing predominantly in a well-diversified portfolio of companies that have a relatively high dividend yield.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	**Normal Allocation (% of Net Assets)**		**Risk Profile**
	Minimum	**Maximum**	
Equity and Equity related instruments of High Dividend Yield companies*	65	100	High
Debt and Money Market Instruments (including Units of Debt/ Liquid Mutual Fund Schemes and Cash)	0	35	Low to Medium

* High Dividend Yield Companies are defined as Companies whose dividend yield, at the time of investment, is equal to or higher than the dividend yield of the Company with the lowest dividend yield in the Nifty Dividend Opportunities 50 Index, ascertained as at the close of previous trading day.

The scheme intends to use derivatives for purposes that may be permitted by SEBI (Mutual Funds) Regulations, 1996 from time to time. The scheme shall have a maximum net derivatives position up to 50% of the portfolio

Investment Strategy: The scheme would invest pre-dominantly (at least 65% of the net assets) in companies that have a relatively high dividend yield, at the time of making the investment. The Fund is defining dividend yield as "high" if the security is either constituent of the Nifty Dividend Opportunities 50 Index, or, has a dividend yield higher than that of the Nifty 50 on the earlier trading day, at the time of investment.

AUM in Rs. Cr. (October 31, 2017): 136.51

No. of Folios (October 31, 2017): 28,434

Differentiation: The Scheme is an equity scheme that invest predominantly in a high dividend yield companies.

PRINCIPAL TAX SAVINGS FUND

Investment Objective: To build a high quality growth-oriented portfolio to provide long-term capital gains to the investors. The scheme aims at providing returns through capital appreciation.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	**Normal Allocation (% of Net Assets)**	**Risk Profile**
Equity and Equity Linked Instruments	Not less than 80%	High
Debt securities (*including securitised debt) and Money market instruments	Upto 20%	Low to Medium

The Scheme may invest up to 50% of the net assets of the Scheme in derivatives.

*Investment in Securitised Debt may be up to 20% of the net assets of the Scheme.

Investment Strategy: The scheme will invest its assets in a portfolio of equity and equity related instruments. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. The aim will be to build a diversified portfolio across major industries and economic sectors by using "fundamental analysis" as its selection process.

AUM in Rs. Cr. (October 31, 2017): 379.28

No. of Folios (October 31, 2017): 69,223

Differentiation: The Scheme is a diversified equity scheme that invests across sectors to generate long term capital appreciation Investors enables to get income tax rebate as per the prevailing Tax Laws, subject to lock in period of 3 years from the date of allotment.

PRINCIPAL SMART EQUITY FUND

Investment Objective: The primary objective of the scheme is to seek to generate long term capital appreciation with relatively lower volatility through systematic allocation of funds into equity; and in debt /money market instruments for defensive purposes. The Scheme will decide on allocation of funds into equity assets based on equity market Price Earnings Ratio (PE Ratio) levels. When the markets become expensive in terms of 'Price to Earnings' Ratio; the Scheme will reduce its allocation to equities and move assets into debt and/or money market instruments and vice versa.

Asset Allocation Pattern: Under normal circumstances, the asset allocation would be as follows:

Type of Instruments	**Normal Allocation (% of Net Assets)**		**Risk Profile**
	Minimum	**Maximum**	
Equity & Equity Related Instruments of Large Cap Companies	0%	100%	Medium to High
Debt or Money Market Securities and/or units of money market/liquid schemes of Principal Mutual Fund.	0%	100%	Low to Medium

Investment in derivatives shall be upto 50% of the net assets of the Scheme.

8. Differentiation with existing open ended equity schemes (as at October 31, 2017) (Contd.)

Investment Strategy: The Scheme will decide on allocation of funds into equity assets based on equity market Price Earnings Ratio (PE Ratio) levels. The PE Ratio has traditionally been used as a tool to assess whether the equity markets are cheap or expensively priced. When the markets become expensive in terms of 'Price to Earnings' Ratio; the Scheme will reduce its allocation to equities and move assets into debt and/or money market instruments and vice versa. Such a strategy is expected to optimise the risk-return proposition for the long term investor.

Under normal circumstances; the scheme's equity allocation may follow the following pattern based on Nifty 50 PE Ratio Level:

Weighted Average PE Ratio of Nifty 50	Equity Component (%)	Cash Futures Arbitrage/Debt Component (%)
Upto 16	100	0
Above 16 – Upto 18	80 - 100	0 - 20
Above 18 – Upto 20	60 - 80	20 - 40
Above 20 – Upto 24	30 - 50	50 - 70
Above 24 – Upto 26	10-20	80 - 90
Above 26 – Upto 28	0 - 10	90 - 100
Above 28	0	100

For this purpose the month end PE Ratio of Nifty 50 Index (NSE Nifty) will be considered.

Such a PE Ratio will be the month end weighted average PE Ratio of the constituent stocks making up the Nifty 50 Index. The Price considered will be the closing market price on the NSE as at the month end. The undiluted earnings per share will reflect the trailing earnings of the most recent four quarters of each of the companies, for which information is available.

This PE ratio will be rounded off to the nearest decimal. Thus every month end we would observe the above mentioned PE ratio and the resultant PE band. The investment strategy outlines different PE bands and the asset allocation applicable to each band. If there is a change in the PE band as observed on the latest month-end as compared to last month-end (due to Nifty's PE moving out of one band to another) then it will require rebalancing of portfolio to bring the equity component in line with the new band. This rebalancing would be done latest before the end of the subsequent month.

AUM in Rs. Cr. (October 31, 2017): 182.33

No. of Folios (October 31, 2017): 6,916

Differentiation: The scheme is an equity scheme, seek to generate long term capital appreciation with relatively lower volatility through systematic allocation of funds into equity; and in debt /money market instruments for defensive purposes.

PRINCIPAL ARBITRAGE FUND

Investment Objective: The investment objective of the Scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.

There is no assurance or guarantee that the investment objective of the Scheme will be realized.

Asset Allocation Pattern: The indicative asset allocation will be as under:

Type of Instruments	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related instruments	65	90	Medium to High
Equity derivatives	65	90	Medium to High
Debt securities and Money Market Instruments# (including Margin for Derivatives) & Fixed Income Derivatives	10	35	Low

The Scheme may invest in Treasury Bills, Repos, Reverse Repos & Collateralized Borrowing and Lending Obligations ("CBLO") and units of Debt/Liquid and Money Market Mutual Fund Schemes.

Investment Strategy: The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the scheme may predominantly invest in short-term debt and money market securities. The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously. For example, on December 4, 2014, the scheme buys a share of XYZ Company on spot @ Rs. 1000 and at the same time sells XYZ Company futures for December 2014 expiry @ Rs. 1020. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 25, 2014. If the scheme holds this position till expiry of the futures, the scheme earns profit of Rs. 20 on the date of expiry before accounting for trading costs and taxes.

In case the scheme has to unwind the transaction prior to the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at Rs. 980 and the futures are bought at Rs. 1010 then there would be negative returns on the trade. If the spot is sold at Rs. 1020 and the futures are bought at Rs. 1015 then there would be positive returns from the trade. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously. Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity while holding onto the spot position. There could also be occasions when both the spot and the future position is unwound before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. The Scheme will strive to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures. The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 December 2014, the scheme buys 1000 futures contracts of ABC Ltd. For December expiry at Rs.3000 each and sells an equivalent 1000 futures contract of ABC Ltd. for January expiry at Rs.3030. Thereby the scheme enters into a fully hedged transaction. Closer to the expiry date of the December contract, the scheme has two options. 1) Unwind the transaction by selling the 1000 December contracts and buying 1000 January contracts of ABC. The returns are a function of the spread between the sale price of the January contract and the buy price of the December contract. If this spread is less than Rs. 30, the returns are positive else the returns are negative. 2) On the expiry date i.e. 30 December, 2014, the scheme would let the December contract expire and square off 1000 contracts that it holds for January maturity. The returns would be a function of the spread between settlement price of the December contract and the price at which January contracts are squared-off. If this spread is lower than Rs. 30 then the returns are positive and if it is higher than Rs. 30 the returns are negative. The Scheme can also initiate the transaction in the opposite direction i.e. by selling the December futures and buying the January futures, if it sees a profit potential. Under all circumstances the scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the scheme can also take offsetting positions in index futures of different calendar month.

The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks. The Scheme would invest in a range of fixed income and money market instruments including units of Debt/Liquid/Money Market Mutual Fund Schemes. Further the Scheme may also invest in financial derivatives such as options and futures & Interest Rate Swap (IRS) that are permitted or may become permissible under SEBI/RBI Regulations. The proportion of assets to be so invested would be decided by the AMC at the appropriate time, and would be done in accordance with the relevant guidelines to be issued by SEBI/RBI and other authorities.

AUM in Rs. Cr. (October 31, 2017): 7.15

No. of Folios (October 31, 2017): 265

Differentiation: The scheme is positioned to generate capital appreciation and income by investing in arbitrage opportunities in the cash and derivative segments of equity markets and in debt and money market securities.

PRINCIPAL EQUITY SAVINGS FUND

Investment Objective: The investment objective of the Scheme is to provide capital appreciation and income distribution to the investors by using equity and equity related instruments, arbitrage opportunities, and investments in debt and money market instruments.

However, there can be no assurance that the investment objective of the Scheme will be realized or that income will be generated and the scheme does not assure or guarantee any returns.

8. Differentiation with existing open ended equity schemes (as at October 31, 2017) (Contd.)

Asset Allocation Pattern: Under normal circumstances, the asset allocation will be as under:

Type of Instruments	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related instruments	65	90	Medium to High
Of which Net Long Equity Exposure (including units of Equity Mutual Fund Schemes)*	20	30	High
Of which Equity Exposure Equity (only arbitrage opportunity)**	40	70	Low to Medium
Debt securities and money market instruments# (including margin for derivatives) and Fixed Income Derivatives	10	35	Low

* In the scheme, unhedged equity exposure shall be limited to 30% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.

** Equity exposure would be completely hedged with corresponding equity derivatives.; the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and / or investment restrictions on the issuer. The margin money requirement for the purposes of derivative exposure may be held in the form of Term Deposits.

The Scheme may invest in Treasury Bills, Repos, Reverse Repos, Collateralized.

Borrowing and Lending Obligations ("CBLO"), cash and cash equivalents and units of Debt/Liquid/ Money Market Mutual Fund Schemes.

When adequate arbitrage opportunities are not available in the Derivative and Equity markets, the anticipated alternate asset allocation on defensive considerations would be in accordance with the allocation given below. However, in case no arbitrage opportunity is available, then 100% of the remaining investible corpus (excluding margin for derivatives and to the extent not deployed in arbitrage opportunities in the asset allocation pattern mentioned above) will be deployed in short term debt and money market instruments with tenure not exceeding 91 days (including investments in securitized debt).

Type of Instruments	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related instruments	20	75	Medium to High
Of which Net Long Equity Exposure (including units of Equity Mutual Fund Schemes)*	20	30	High
Of which Hedged Equity Exposure (only arbitrage opportunity)**	0	55	Low to Medium
Debt securities and money market instruments# (including margin for Derivatives) & Fixed Income Derivatives	25	80	Low

* In the scheme, unhedged equity exposure shall be limited to 30% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.

** Equity exposure would be completely hedged with corresponding equity derivatives.; the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and / or investment restrictions on the issuer. The margin money requirement for the purposes of derivative exposure may be held in the form of Term Deposits.

The Scheme may invest in Treasury Bills, Repos, Reverse Repos, Collateralized

Borrowing and Lending Obligations ("CBLO"), cash and cash equivalents and units of Debt/Liquid/ Money Market Mutual Fund Schemes.

Investment in Securitized Debt may be up to 30% of the net assets of the Scheme.

Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.

Further, Unit holders are requested to note that post said changes, the Scheme will be treated as equity oriented scheme as per the extant Income-tax laws. However, at the time of changes in the investment pattern during defensive considerations as stated above, the fund manager may choose to have a lower equity exposure. Accordingly, the Scheme may not be able to meet the criteria for equity oriented scheme as specified under the extant Income-tax laws. Consequently, the Unit holders may not be able to avail tax advantage available to an equity oriented fund in that particular financial year. During the defensive circumstances the Tax benefit available for equity oriented scheme will not be applicable and shall be communicated to unit holders vide letters, addendum published in the newspapers as per regulations.

Investment Strategy: The investment strategy is aimed at generating income by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and in debt securities and at the same time attempting to enhance returns through long exposure in equity and equity related instruments. If suitable arbitrage opportunities are not available in the opinion of the Fund Manager, the Scheme may predominantly invest in debt and money market securities.

Net Long Equity : The Scheme will invest its assets in a portfolio of equity and equity related instruments including units of Equity mutual Funds Schemes.

The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. Companies selected for the portfolio which in the opinion of the AMC would possess some of the characteristics mentioned below:

- Superior management quality
- Distinct and sustainable competitive advantage
- Good growth prospects; and
- Strong financial strength

Equity Derivatives: The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the Scheme may predominantly invest in short-term debt and money market securities. The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the Scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously. For example, on December 4, 2014, the Scheme buys a share of XYZ Company on spot @ Rs. 1000 and at the same time sells XYZ Company futures for December 2014 expiry @ Rs. 1020. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 24, 2014. If the Scheme holds this position till expiry of the futures, the Scheme earns profit of Rs. 20 on the date of expiry before accounting for trading costs and taxes.

In case the Scheme has to unwind the transaction prior to the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at Rs. 980 and the futures are bought at Rs. 1010 then there would be negative returns on the trade. If the spot is sold at Rs. 1020 and the futures are bought at Rs. 1015 then there would be positive returns from the trade. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the Scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the Scheme would liquidate the spot position and settle the futures position simultaneously. Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity while holding onto the spot position. There could also be occasions when both the spot and the future position is unwound before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. The Scheme will strive to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures, Buying ADR/GDR and selling the corresponding stock future etc. The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 December 2014, the Scheme buys 1000 futures contracts of ABC Ltd. for December expiry at Rs.3000 each and sells an equivalent 1000 futures contract of ABC Ltd. for January expiry at Rs.3030. Thereby the Scheme enters into a fully hedged transaction. Closer to the expiry date of the December contract, the Scheme has two options. 1) Unwind the transaction by selling the 1000 December contracts and buying 1000 January contracts of ABC. The returns are a function of the spread between the sale price of the January contract and the buy price of the December contract. If this spread is less than Rs. 30, the returns are positive else the returns are negative. 2) On the expiry date i.e. 24 December, 2014, the Scheme would let the December contract expire and square off 1000 contracts that it holds for January maturity. The returns would be a function of the spread between settlement price of the December contract and the price at which January contracts are squared-off. If this spread is lower than Rs. 30 then the returns are positive and if it is higher than Rs. 30 the returns are negative. The Scheme can also initiate the transaction in the opposite direction i.e. by selling the December futures and buying the January futures, if it sees a profit potential. Under all circumstances the Scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the Scheme can also take offsetting positions in index futures of different calendar month.

The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks.

Debt Instruments: The Scheme would invest in a range of fixed income and money market instruments including units of Debt/Liquid/Money Market Mutual Fund Schemes. Further the Scheme may also invest in financial derivatives such as options and futures & Interest Rate Swap (IRS) that are permitted or may become permissible under SEBI/RBI Regulations. The proportion of assets to be so invested would be decided by the AMC at the appropriate time, and would be done in accordance with the relevant guidelines to be issued by SEBI/RBI and other authorities.

AUM in Rs. Cr. (October 31, 2017): 24.54

No. of Folios (October 31, 2017): 2,223

8. Differentiation with existing open ended equity schemes (as at October 31, 2017) (Contd.)

Differentiation: Principal Equity Savings Fund is the only scheme offered by AMC that invests predominantly in arbitrage opportunities in the cash & derivatives segment of the equity market and has a moderate exposure to long positions in equity & equity related instruments. The only other arbitrage scheme offered by AMC is Principal Arbitrage Fund, which is a market neutral fund and does not take long only equity exposure. The entire market risk of Principal Arbitrage Fund is completely hedged using derivatives. On the other hand, Principal Equity Savings Fund will take market risk by investing between 20% - 30% of its assets into long only un-hedged equity.

PRINCIPAL BALANCED FUND

Investment Objective: The Investment objective of the Scheme is to provide long-term appreciation and current income by investing in a portfolio of equity, equity related securities and fixed income securities.

Asset Allocation Pattern: Under normal circumstances, the asset allocation pattern of the Scheme would be as follows:

Type of Instruments	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
Equity & Equity Related Instruments	60%	70%	Medium to High
Debt and Money Market Instruments (including units of Liquid / Money Market / Debt Mutual Fund Schemes and Securitised Debt*)	30%	40%	Low to Medium

* Investment in Securitised Debt may be up to 20% of the net assets of the Scheme.

The Asset Management Company reserves the right to invest in derivatives as follows:

Particulars	Normal Allocation (% of Net Assets)
Derivatives	Upto 50% of the net assets of the Scheme

The Scheme may invest in Investment in Overseas Financial Instruments within the below specified limits:

Particulars	Normal Allocation (% of Net Assets)
ADRs / GDRs	Not exceeding 15% of the Scheme's Assets
Overseas Financial Debt Instruments including overseas Mutual Funds	Not exceeding 25% of the Scheme's Assets

Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.

The asset allocation pattern for the Scheme, under normal circumstances would clearly attempt to keep the equity component of the portfolio normally at 60% (with a maximum of 70%) and debt component normally at 30% (with a maximum at 40%). Sudden and sharp movements in equity markets may cause these limits to be violated. AMC will endeavor to immediately bring these violations under control. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations due to market changes.

Investment Strategy: The Scheme will invest in equity and equity related instruments. The Scheme will also invest in fixed income instruments rated investment grade or higher or otherwise comparable including units of Liquid / Money Market / Debt Mutual Fund Scheme(s). The Scheme shall not take high risks in managing equity portion of the portfolio. For the equity portion of the portfolio, companies would be selected after research covering areas such as quality of management, competitive position and financial analysis

In selecting equities the Investment Manager looks for companies that have predictable earning and which is based on growth prospects, it believes are undervalued in the market place. The Investment Manager, would buy securities with the Objective of long – term capital appreciation. Equity Securities in which the scheme would invest shall normally generate dividend income. From time to time, the AMC shall purchase securities with the expectation of price appreciation over the Short Term. In response to changes in economic conditions, the investment Manager may change the make-up of the portfolio and emphasize different market sectors by buying and selling the portfolio's securities.

The Scheme shall generate Interest Income by investing in debt securities. Debt Securities are also purchased for capital appreciation purposes when the Investment Manager thinks that declining interest rates may increase market value. Deep Discount debt securities may also be purchased to generate capital appreciation / income.

AUM in Rs. Cr. (October 31, 2017): 558.08

No. of Folios (October 31, 2017): 14,123

Differentiation: The scheme is having an asset allocation with a ceiling on exposure to equity/ equity related instruments. The investment mandate allows a maximum of 70% exposure to equity with an investment of at least 30% in debt instruments. Thus the scheme offers growth potential with equity investments and also seeks to generate interest income by investing in debt securities. This is the only scheme that is the Balanced Fund that Principal Mutual Fund has.

9. (ii) Recurring Expenses:

Annual Recurring expenses as a percentage of Daily Net Assets:

The AMC has estimated the below mentioned expenses expressed as a percentage to the daily net assets of the Scheme which will be charged to the Scheme as expenses.

The estimated expenses under the Regular and Direct Plan$ of the Scheme, is as per the table below:

Nature of Expenses	% of daily net assets
Investment Management and Advisory Fees	Upto 2.50%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Service tax on expenses other than investment and advisory fees	
Service tax on brokerage* and transaction cost	
Other Expenses	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	**Upto 2.50%**
Additional expenses under regulation 52 (6A) (c)^	Upto 0.20%
Additional expenses for gross new inflows from specified cities# Under regulation 52(6A)(b)	Upto 0.30%

[$] Direct Plan under the aforementioned Scheme(s) shall have a lower expense ratio excluding distribution expenses, commission, etc. and no commission for distribution of Units will be paid / charged under the Direct Plan.

[#] Expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

The AMC may charge investment management and advisory fees and other expenses up to 2.50% of the daily net assets.

The AMC reserves the right to change the estimates; both inter se or in total, subject to prevailing SEBI Regulations.

^The nature of expenses can be any permissible expenses including Investment Management & Advisory Fees. The purpose of the above table is to assist in understanding the various costs and expenses that the Unit Holders in the Scheme will bear directly or indirectly.

The AMC may incur actual expenses which may be more or less than those estimated above under any head and / or in total. The AMC will charge the Scheme such actual expenses incurred, subject to the statutory limit prescribed in the SEBI Regulations.

Further, in addition to the limits on total expenses specified in Regulation 52(6) of SEBI (Mutual Funds) Regulations, 1996 (the Regulation) the following expenses may be charged to the Scheme(s) under Regulation 52 (6A) -

9. (ii) Recurring Expenses: (Contd.)	(a) Brokerage and transaction costs incurred for the purpose of execution of trades and included in the cost of investment, not exceeding 0.12% of the value of trades in case of cash market transactions and 0.05% of the value of trades in case of derivative transactions; (b) Expenses not exceeding 0.30% of daily net assets, if the new inflows from such cities as specified by SEBI from time to time are atleast (i) 30% of gross inflows in the Scheme OR (ii) 15% of the average assets under management (year to date) of the Scheme - whichever is higher. However if inflows from such cities is less than the higher of (i) & (ii) as mentioned above, such expenses on daily net assets of the Scheme may be charged on proportionate basis. Further, the expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from such cities. The amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment. (c) Additional expenses incurred towards different heads mentioned under sub-regulation 52(2) & 52(4) of the Regulation not exceeding 0.20% of the daily net assets of the scheme. AMC may charge service tax on investment and advisory fees of the scheme in addition to the maximum limit of TER as per the Regulation 52(6) and (6A). Further, the following may be charged to the Schemes within the maximum limit of Total Expense Ratio as per Regulation 52 of the SEBI (Mutual Funds) Regulations, as amended from time to time - (a) Service tax on expenses other than investment and advisory fees, if any; (b) Service Tax on brokerage and transaction costs on execution of trades, if any; and (c) Investor Education and awareness fees of at least 2 basis point on daily net assets of respective schemes. These estimates have been made in good faith by the AMC as per the information available to AMC - the investment manager, based on the past experience and are subject to change inter-se. The expenses may be more than as specified in the table above, but the total recurring expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI Regulations. Expenses over and above the permissible limits will be borne by the AMC and/or the Trust and/ or the sponsor. The purpose of the above table is to assist the unitholder in understanding the various costs and expenses that a unitholder in the Scheme will bear directly or indirectly. Expenses over and above the limits prescribed under the SEBI Regulations shall be borne by the AMC. Subject to the SEBI Regulations and this Document, expenses over and above the prescribed ceiling will be borne by the AMC and/or by Sponsor and/or Trust. The Fund shall strive to reduce the level of these expenses so as to keep them well within the maximum limits currently allowed by SEBI and any revision in the said expenses limits by SEBI would be applicable.

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