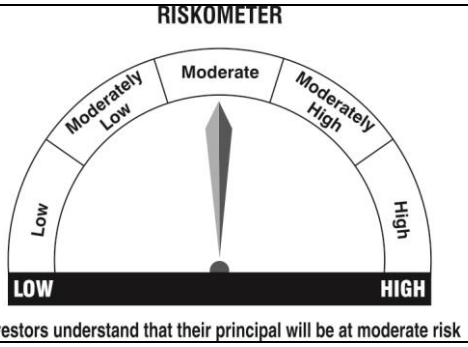
SCHEME INFORMATION DOCUMENT

Scheme	Product Labeling This product is suitable for investors who are seeking* –	
Principal Government Securities Fund (An Open – Ended dedicated Gilt Scheme investing in Government Securities)	• Income over a long term investment horizon • Investment in Government Securities.	 Investors understand that their principal will be at moderate risk

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

Continuous offer for Units at NAV based prices

Name of Mutual Fund	Principal Mutual Fund
Name of Asset Management Company	Principal Pnb Asset Management Company Private Limited
Name of Trustee Company	Principal Trustee Company Private Limited

Address, Website of the Entities:

Principal Mutual Fund **Principal Pnb Asset Management Company Private Limited** **Principal Trustee Company Private Limited**	**Address**: Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 **Website:** www.principalindia.com **Email:** customer@principalindia.com **Toll Free No.:** 1800 425 5600 **Fax No**. – (022) 67720512

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from Principal Pnb Asset Management Company Pvt. Ltd. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document (SID).

The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Principal Mutual Fund, Tax and Legal issues and general information on www.principalindia.com

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website www.principalindia.com.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated May 30, 2016

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SECTION I - HIGHLIGHTS/SUMMARY OF THE SCHEME

Highlights/Summary of the Scheme	**Principal Government Securities Fund** *(an open ended dedicated gilt scheme investing in government securities)*
Investment Objective	To generate returns through investment in sovereign securities and thus provide capital gains and income distribution to its Unit holders.
Investment Strategy	To achieve the investment objective, assets under the Scheme will be invested solely in government securities. However to meet temporary liquidity needs the Scheme may invest in overnight call money /notice money/bank deposits and/or repos. The Scheme may also invest a part of its assets in financial derivatives such as options and futures & Interest Rate Swaps (IRS) (comprising of government securities) 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.
Liquidity	Liquidity will be available to the investors through sale and repurchase of units on an ongoing basis. Unitholders can subscribe to and get their units repurchased on all business days at NAV related prices. As per SEBI Regulations, the Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time will be paid in case the redemption proceeds are not dispatched within 10 Business Days of the date of Redemption request. However, under normal circumstances, the Mutual Fund will endeavour to dispatch the Redemption proceeds well before 10 Business Days from the acceptance of the duly completed Redemption request. The Scheme also provides switch facility to move from/to other open ended Schemes of Principal Mutual Fund and inter se between the option(s) on an ongoing basis at applicable NAV based prices.
Benchmark	I-Sec Composite Index
Transparency / NAV Disclosure	The NAV will be calculated by the AMC for each business day and published in at least two daily newspapers having circulation all over India. The AMC shall update the NAVs on the website of the Mutual Fund (www. principalindia.com) and on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 9.00 p.m. every Business Day and or such other time as may be prescribed by SEBI/AMFI from time to time. In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reasons, a press release shall be issued giving reasons and explaining when the AMC would be able to publish the NAVs. The fund shall within one month of the close of each half year that is 31st March and 30th September, host unaudited financial results of the Scheme on its website: www.principalindia.com in a user friendly and downloadable format (preferably in a spread sheet). An advertisement intimating the same, shall be published in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated. The Fund shall on a monthly basis disclose portfolio (along with ISIN) as on the last day of the month for all the schemes of Principal Mutual Fund on its website www.principalindia.com, on or before the tenth day of the succeeding month in a user friendly and downloadable format (preferably in a spread sheet).

<table>
<tr><td></td><td>Further, the fund shall within one month of the close of each half year that is 31st March and 30th September publish full portfolio of the Scheme in the prescribed format in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated</td></tr>
<tr><td>Loads
(including Systematic Investment Plans / Systematic Transfer Plan / Systematic Withdrawal Plan if available)</td><td>Entry Load: Not applicable
Exit Load: Nil</td></tr>
<tr><td>Minimum Application Amount (New Investor)</td><td>Rs.5,000/- and any amount thereafter under each Plan/option.</td></tr>
<tr><td>Minimum Application Amount (Existing Investor)</td><td>Rs.1000/- and any amount thereafter under each Plan/option</td></tr>
<tr><td>Minimum Amount under Systematic Investment Plan (SIP)/Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP)</td><td>Systematic Investment Plan: Minimum Six installments of Rs.2,000/- each.
Systematic Transfer Plan: Minimum Six installments of Rs.1,000/- each.
Systematic Withdrawal Plan: Minimum Six installments of Rs.500/- each.</td></tr>
<tr><td>Minimum Redemption Amount</td><td>Rs.500/- or 50 units</td></tr>
<tr><td>Investment Plan(s)/Option(s)</td><td>The Plan has two Sub-plans i.e. Regular Plan & #Direct Plan with a common portfolio and separate NAVs. Investors should indicate the Plan for which the subscription is being made by indicating the choice in the application form.

Each of the Plans mentioned above offers Growth and Dividend Option.

The Dividend Option under both the Plans has following frequency / facilities:
Quarterly & Annual Dividend - Payout, Reinvestment and Sweep facility.

Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund. This plan is not available for investors who wish to purchase/ subscribe units through a Distributor – such investors have to subscribe for Regular Plan.

Regular Plan and Direct Plan have the same features (i.e. Investment Objective, Asset Allocation Pattern, Investment Strategy, Risk factors) and facilities offered including terms and conditions 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.</td></tr>
<tr><td>Asset Allocation Pattern</td><td>Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th>Type of Instrument</th><th>Normal Allocation (% of Net Assets)</th><th>Risk Profile</th></tr>
<tr><td>Government Securities</td><td>Upto 100%</td><td>Low to Medium</td></tr>
</table>
Investment in derivatives shall be upto 35% of the net assets of the Scheme.</td></tr>
<tr><td>Fund Manager & Managing the Current Fund from</td><td>Ms. Bekxy Kuriakose- October 2012
Tenure of the Fund Manager- 3 Years 7 months</td></tr>
</table>

SECTION II. INTRODUCTION

A. RISK FACTORS

Standard Risk Factors:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuate, the value of your investments in the Scheme may go up or down. As with any investment in stocks, shares and securities, the NAV of the Units under the Scheme can go up or down, depending on the factors and forces affecting the capital markets.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- Principal Government Securities Fund is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor or any of its associates including co-settlors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.25 lakhs made towards setting up the Fund.
- The present Scheme is not a guaranteed or assured return Scheme.

Specific Risk Factors:-

Risk Associated with Investing in Debt and/or Money Market Instruments-

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.

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.

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.

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.

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).

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. 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.

Risks associated with Investing in Derivatives

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. The AMC may use various derivative products, as permitted and within the limits prescribed by SEBI and the RBI from time to time, in an attempt to optimize the value of the portfolio and enhance Unit holder's interest/value of the Scheme. As and when the Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. The Scheme bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate in line with underlying assets, rates and indices.

Also, the market for derivative instruments is relatively nascent in India and does not have the volumes which may be seen in other developed markets, which may result in volatility to the values. Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that a derivative adds to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives.

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 mispricing 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 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 factors specific to Principal Government Securities Fund

Principal Government Securities Fund
Prices of government 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). The Securities purchased by the Scheme present greater degree of safety in terms of credit risk but may also involve greater interest rate risks. As a result, these securities may change in value. 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, if the values 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.

RISK CONTROL

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC may also implement certain internal control procedures / risk & exposure limits etc., which may be varied from time to time.

The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in-depth credit evaluation of the securities proposed to be invested in, is carried out by the investment team of the AMC.

The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI/RBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE Scheme

The Schemes/Plans shall have a minimum of 20 investors each and no single investor shall account for more than 25% of the corpus of the Scheme /Plan(s). These conditions shall be complied with, in each calendar quarter on an average basis, as specified by SEBI. In case of non-fulfillment of the condition of 20 investors in a calendar quarter, the provisions of Regulation 39(2) (c) of the SEBI (MF) Regulations shall become applicable automatically without any reference from SEBI, and accordingly the Scheme / Plan(s) shall be wound up and the units redeemed at the relevant applicable NAV. If there is breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be available and thereafter, the investor who is in breach of the rule shall be given 15 days' notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption at the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

Investment in the Scheme should be viewed by an investor/unit holder as a medium to long term investment as mutual funds carry normal market risks and there can be no assurance and no guarantee that the Scheme will achieve its objective. It is recommended that an investment in the Scheme should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all, as investment decisions made by the AMC will not always be profitable or prove to be correct. As with any investment in stocks, shares and securities, the NAV of the Units under the Scheme can go up or down, depending on the factors and forces affecting the capital markets. Past performance of the schemes of Principal Mutual Fund, the Sponsor or its Group affiliates is not indicative of and does not guarantee the future performance of the Scheme. The name of the Scheme does not in any manner indicate the quality of the Scheme, its future prospects or the returns. The Scheme is not intended as a complete investment program. Investors, therefore, are urged to study the terms of this offer carefully and consult their Investment Advisor before they invest in the Scheme. Investors'/unit holders' attention is drawn to the risk factors set out in the beginning of this Scheme Information Document and also to the following specific risks:

Regulatory Risks: Neither this SID nor the Units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this SID or any accompanying application form in such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this SID does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this SID and any persons wishing to apply for Units pursuant to this SID to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

Prospective investors should review/study this SID along with SAI carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of Units within their jurisdiction/of nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift Units are subject, and (also) to determine possible legal, tax, financial or other consequences of subscribing/gifting to, purchasing or holding Units before making an application for Units.

No person has been authorized to give any information or to make any representations not confirmed in this SID in connection with the Offer of Units, and any information or representations not contained herein must not be relied upon as having been authorized by the Mutual Fund or the AMC or the Trustee. Statements made in this SID are based on the law and practice currently in force in India and are subject to change therein. Neither the delivery of this SID nor any sale made hereunder shall, under any circumstances, create any impression that the information herein is correct as of any time subsequent to the date hereof.

Performance Risk: The value of (and income from) an investment in the Scheme can decrease as well as increase, depending on a variety of factors, which may affect the values and income generated by a Scheme's portfolio of securities. The returns of a Scheme's investments are based on the current yields of the securities, which may be affected generally by factors affecting capital markets such as price and volume, volatility in the stock markets, interest rates, currency exchange rates, changes in government and Reserve Bank of India policy, taxation, political, economic or other developments and closure of the stock exchanges. Investors should understand that the investment composition indicated for the Scheme, in line with prevailing market conditions, is only a hypothetical example as all investments involve risk and there can be no assurance that the Scheme's investment objective will be attained nor will the Scheme be in a position to maintain the model percentage of investment pattern/composition particularly under exceptional circumstances such that the interest of the unit holders are protected.

The AMC will endeavor to invest in highly researched growth companies, however the growth associated with equities is generally high as also the erosion in the value of the investments/portfolio in the case of the capital markets passing through a bearish phase is a distinct possibility. Changes in the prevailing rates of interest are likely to affect the value of the Scheme investments and thus the value of the Scheme's Units. The value of money market/debt instruments held by the Scheme generally will vary inversely with the changes in prevailing interest rates. The AMC, while investing in fixed income instruments like debt, etc., shall consider and evaluate the risk of an issuer's ability to meet principal and interest payments (credit risk) and also the price volatility due to such factors as interest sensitivity, market perception or the creditworthiness of the issuer and general market liquidity (market risk). While it is the intent of the AMC to invest primarily in more highly rated debt securities and highly researched growth companies, the Scheme may from time to time invest in high yielding/growth, lower rated and/or privately placed/unlisted/securitised securities. Lower rated or unrated securities are more likely to react to developments affecting market and credit risk than highly rated securities. The credit risk factors pertaining to lower rated securities also apply to lower rated zero coupon, deferred interest bonds.

Techniques Risk: The Scheme may use techniques (including IRS, futures and options, warrants, etc.) and instruments that may be permitted and/or that may become permissible under SEBI/RBI Regulations and/or Regulations and/or statutory modification or re-enactment thereof for efficient portfolio management and to attempt to hedge or reduce the risk of such fluctuation. However, these techniques and instruments, if imperfectly used have

the risk of the Scheme incurring losses due to mismatches particularly in a volatile market. The Fund's ability to use these techniques may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these techniques is dependent on the ability to predict movements in the prices of securities being hedged and movements in interest rates. Besides, the fact that skills needed to use these instruments are different from those needed to select the Fund's/Scheme's securities. There is a possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an organized stock exchange. The use of these techniques involves possible impediments to effective portfolio management or the ability to meet repurchase/redemption requests or other short-term obligations because of the percentage of the Scheme's assets segregated to cover its obligations.

Political Risk: Whereas the Indian market was formerly restrictive, a process of deregulation has been taking place over recent years. This process has involved the removal of trade barriers and other protectionist measures, which could adversely affect the value of investments. It is possible that future changes in the Indian political situation, including political, social, or economic instability, diplomatic developments and changes in laws or regulations could have an effect on the value of investments. Expropriation, confiscatory taxation, or other relevant developments could also affect the value of investments.

Forex Risk: The Scheme may also invest in overseas financial assets in accordance with the guidelines issued by the concerned regulatory authorities in India. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distribution and income may be adversely affected by changes in the value of respective foreign currencies relative to the Indian rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it or other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration and bi-lateral conflict leading to immobilisation of the overseas financial assets.

Liquidity and Settlement Risks: The liquidity of the Scheme's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. From time to time, the Scheme will invest in certain securities of certain companies, industries, sectors etc. based on certain investment parameters as adopted internally by AMC. While at all times the Trustees and the AMC will endeavor that excessive holding/investment in certain securities of industries, sectors etc. by the Scheme be avoided, the assets invested by the Scheme in certain securities of industries, sectors, etc. may acquire a substantial portion of the Scheme's investment portfolio and collectively may constitute a risk associated with non-diversification and thus could affect the value of investments. The Scheme may have difficulty in disposing of certain securities because the security may be unlisted, due to greater price fluctuations there may be a thin trading market, different settlement periods and transfer procedures for a particular security at any given time. Settlement, if accomplished through physical delivery of stock certificates, is labour and paper intensive and may affect the liquidity. It should be noted that the Fund bears the risk of purchasing fraudulent or tainted papers. The secondary market for money market/debt securities does exist, but is generally not as liquid as the secondary market for other securities. Reduced liquidity in the secondary market may have an adverse impact on market price and the Scheme's ability to dispose of particular securities, when necessary, to meet the Scheme's liquidity needs or in response to a specific economic event, such as the deterioration in the creditworthiness of the issuer, etc. or during restructuring of the Scheme's investment portfolio. Furthermore, from time to time, the AMC, the Custodian, the Registrar, any Associate, any distributor, dealer, any company, corporate body, trust, any scheme/Mutual Fund managed by the AMC or by any other AMC may invest in the Scheme. While at all times the Trustees and the AMC will endeavor that excessive holding of Units in the Scheme among a few unit holders is avoided, however, the amounts invested by these aforesaid persons may acquire a substantial portion of the Scheme's outstanding Units and collectively may constitute a majority unit holder in the Scheme. Accordingly, redemption of Units held by such persons may have an adverse impact on the value of the redemption and may impact the ability of the unit holders to redeem their respective Units.

D. ABBREVIATION & DEFINITIONS

ADRs and GDRs: American Depository Receipts (ADR) is negotiable certificates issued to represent a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in U.S. dollars. Global Depository Receipts (GDRs) are negotiable certificates held in the bank of one country representing a specific number of shares of a stock traded on an exchange of another country.

AMC/Asset Management Company/Investment Manager/Principal: Principal Pnb Asset Management Company Private Limited.

Applicable NAV: The NAV applicable for subscription / redemption / switch in or switch out based on the time of the business day on which the application is accepted.

BSE: Bombay Stock Exchange

Business Day: A day other than:
(i) Saturday and Sunday,
(ii) a day on which the Banks in Mumbai and/or RBI are closed for business/ clearing,
(iii) a day on which the Bombay Stock Exchange Limited and/or National Stock Exchange of India Limited are closed,
(iv) a day on which sale and repurchase of units is suspended by the AMC,
(v) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes etc.

Notwithstanding the above, the AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centers.

Calendar Year / Year: A Calendar Year shall be full English Calendar months viz. 12 months commencing from 1st January and ending on 31st December.

CBLO: Collateralized Borrowing and Lending Obligations is a Money Market Instrument approved by RBI, (developed by Clearing Corporation of India Limited). CBLO is a discounted instrument issued in an electronic book entry form for maturity ranging from one day to one year

Central Depository Services (India) Limited (CDSL)/ National Securities Depository Limited (NSDL) : A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.

Co-Settlors: Punjab National Bank is a co-settlor to the Principal Mutual Fund (Principal Financial Services Inc. through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited being the settlor).

Credit Risk: Risk of default in payment of principal or interest or both.

Custodian: An entity (for the time being SBI- SG Global Securities Services Private Limited) appointed for holding the securities and other assets of the Fund.

CDSC: Contingent Deferred Sales Charge permitted under the Regulations to be borne by the Unit Holder upon exiting (whether by way of redemption or Inter-scheme switching) based on the amount of investment (if applicable) and period of holding of Units.

Day: Any day (including Saturday, Sunday and holiday) as per English Calendar viz 365 days in a year.

Debt Instruments : Government securities, corporate debentures, bonds, promissory notes, money market instruments, pass-through obligations, asset backed securities/securitised debt and other possible similar securities.

Dematerialisation: It is a process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form and credited in the investors account with its Depository Participant.

Depository: Depository as defined in the Depository Act, 1996 (22 of 1996).

Depository Participant: A person registered as participant under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

Dividend: Income distributed by the Mutual Fund on the units.

Entry Load: Load on sale/switch in of units.

Equity Related Instruments: Equity related instruments include convertible debentures, bonds, warrants, ADRs/GDRs and equity derivatives and other possible similar securities.

Exit Load: Load on repurchase/switch out of units.

FII(s): Foreign Institutional Investor(s) registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulation, 1995.

Financial Year: A Financial Year shall be full English Calendar months viz. 12 months commencing from 1st April and ending on 31st March.

Fund/Mutual Fund: Principal Mutual Fund, a trust set up under the provisions of the Indian Trust Act, 1882 and registered with SEBI bearing Registration No. MF/019/94/0 dated December 13, 1994.

Fixed Income Securities/Fixed Rate Debt Instruments: Debt Securities created and issued by, inter alia, Central Government, State Government, Local Authorities, Municipal Corporations, PSUs, Public Companies, Private Companies, Bodies Corporate, Unincorporated Special Purpose Vehicles (SPVs) and any other entities which may be recognised/permitted which yield at fixed or variable rate by way of interest, premium, discount or a combination of any of them.

Gilts/Government Securities : As defined under Section 2(b) of the Securities Contract (Regulation) Act, 1956, Government Security means a security created and issued, whether before or after the commencement of the Act, by the Central Government and/or a State Government and having one of the forms specified in clause (2) of Section 2 of the Public Debt Act, 1944 (18 of 1944) including any amendments thereto or any replacement or re-enactment thereof/clarification and guidelines in the form of notes or circulars etc. issued from time to time; Treasury Bills, such other instruments as may be declared by Government of India and/or SEBI and/or RBI and/or any other regulatory authority to be securities; and rights or interest in the securities.

GOI: Government of India.

Group: As defined in clause (ef) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

Investment Management Agreement/IMA: Investment Management Agreement dated 25/11/94 as amended from time to time, between the Trustee and AMC.

ISC / Investor Service Centre: Offices of AMC and such other centers / offices as may be designated by the AMC from time to time as its Investor Service Centre. It shall also include the Official Points of Acceptance as mentioned on the last/back cover page of this SID.

Load: A sum of money deducted from the value received or paid to the unitholder towards Sale/Repurchase of units.

MFSS: Mutual Fund Service System (MFSS) is an online order collection system provided by NSE to its eligible brokers for placing subscription or redemption orders on MFSS, based on orders received from the investors.

Money Market Instruments: Includes Commercial Papers, Commercial Bills, Treasury Bills, Government securities having an unexpired maturity up to one year, Call or Notice Money, Certificate of Deposit, Usance Bill and any other like instrument as specified by RBI from time to time.

MFU : MF Utilities India Private Limited

NAV: Net Asset Value of the units of the Scheme (and Options therein) calculated in the manner provided in this Scheme Information Document by dividing the net assets by the number of outstanding units (on any valuation day) or as may be prescribed by the SEBI Regulations from time to time. The NAV will be computed upto four decimal places.

Net Assets: Net Assets of the Scheme at any time shall be the total value of the Schemes' assets, less its liabilities taking into consideration the accruals and the provision.

NFO: New Fund Offer.

Non Resident/NRI: Non- resident is any person who is not a resident in India.

NSE: National Stock Exchange of India Limited

Official Points of Acceptance / Transactions (OPT): Offices as specified by AMC from time to time where application for subscription / redemption / switch will be accepted on an ongoing basis.

OCB : Overseas Corporate Bodies, partnership firms and societies which are held directly or indirectly but ultimately to the extent of at least 60% by non-resident individuals of Indian nationality or origin, as also an overseas trust in which at least 60% of the beneficial interest is irrevocably held by such persons.

Overseas Money Market Instruments: Short term debt instruments in countries with fully convertible currencies subject to the instruments/issuers having the highest credit rating.

Person of Indian Origin: A person (not being a citizen of Pakistan or Bangladesh or Sri Lanka) shall be deemed to be of Indian origin, if
i) He (She), at any time, held an Indian Passport;
ii) He (She) or either of his (her) parents or any of his (her) grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955);
iii) The person is the spouse of an Indian citizen or of a person of Indian origin (not being a citizen of Pakistan or Bangladesh or Sri Lanka).

Permissible Investments or Investments : Collective or group investments made on account of the unitholders of the Scheme in Securities and other assets in accordance with the SEBI/RBI Regulations and amendments thereto.

Portfolio: Portfolio at any time shall include all Permissible Investments and Cash.

POS: Point of Service

RBI: Reserve Bank of India established under the Reserve Bank of India Act, 1934, as amended from time to time.

Registrars/Registrar and Transfer Agent : Registrar for the time being of the Mutual Fund which, at present, is Karvy Computershare Pvt. Ltd., or such agency appointed by the AMC.

Regulations : Regulations imply SEBI Regulations and the relevant rules and provisions of the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996; Public Debt Act, 1944; The Income Tax Act, 1961; Wealth Tax Act, 1957; the Foreign Exchange Management Act, 1999, the Indian Trusts Act, 1882 as amended from time to time and shall also include any Circulars, Press releases or Notifications that may be issued by SEBI or the Government of India or the Reserve Bank of India.

Repo/Reverse Repo: Sale/Purchase of Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell them at a later date.

Repurchase/Redemption: The act of buying back units of any of the schemes mentioned in the Scheme Information Document from unit holders on an ongoing basis.

Resident: A resident means any person resident in India under the Foreign Exchange Management Act, and under the Income Tax Act, 1961 including amendments thereto from time to time.

SAI: Statement of Additional Information of Principal Mutual Fund

Sale/ Subscription: The act of offering for sale the units of any of the schemes mentioned in the Scheme Information Document to the unit holders on an ongoing basis.

Schemes/Plans: Would mean Principal Government Securities Fund and Plans/ Options offered thereunder by the Fund.

Scheme Information Document (SID): This Document issued by Principal Mutual Fund, inviting to subscribe to the units of the schemes of the Mutual Fund.

SEBI: Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992, as amended from time to time.

SEBI Regulations/Mutual Fund Regulations: The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, or such other Regulation in force from time to time including any amendment thereto or any replacement or re-enactment thereof/clarification and guidelines in the form of notes or circulars etc. issued from time to time for regulating Mutual Funds in India, by SEBI.

Securities/Instruments : As defined under Section 2(h) of the Securities Contracts (Regulations) Act, 1956 of India and includes but not limited to shares, scrips, stocks etc., Debt instruments like notes, bonds, debentures, debenture stock, warrants, futures, options, derivatives etc. or other transferable securities of a like nature in or of any incorporated company or other body corporate, Gilts/Government securities, Mutual Fund units, Money Market Instruments like Call Deposit, Commercial Paper, Treasury Bills etc. such other instruments as may be declared by GOI and/or SEBI and/or RBI and/or any other regulatory authority to be securities; and rights or interest in securities, mortgage/Asset backed securities, securitized receivable auto loans, etc.

Securities Consolidated Account Statement ('SCAS') is a statement sent by the Statement ('SCAS')" Depository that shall contain details relating to all the transaction(s) viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal advantage plan, systematic transfer plan, bonus transactions, etc. carried out by the Beneficial Owner(s) (including transaction charges paid to the distributor) across all schemes of all mutual funds and transactions in securities held in dematerialized form across demat accounts, during the month and holdings at the end of the month.

Sponsor: Principal Financial Services Inc., USA acting through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited.

Switch: Transfer of units of one Scheme of Principal Mutual Fund to another Scheme of Principal Mutual Fund. Valid applications for "switch out" shall be treated as redemptions and for "switch in" shall be treated as purchases and the cut-off timings shall be applicable accordingly.

Systematic Investment Plan(s) [SIP]: A plan enabling the investors to systematically save and invest in the Scheme on monthly/quarterly (such other defined periodicity) basis by submitting post dated cheques / payment instructions.

Systematic Transfer/Switch Plan(s) [STP]: A Plan enabling the investors to transfer sums on a daily, weekly, monthly, quarterly, semi-annually or annual basis from the Schemes to the other Schemes of the Mutual Fund existing or launched in future from time to time, by giving a simple instruction.

Systematic Withdrawal Plan(s) [SWP]: A Plan enabling the investors to withdraw amounts from the Scheme on a monthly, quarterly, semi-annually or annual basis by giving a simple instruction.

Tax Act: Income Tax Act, 1961 and Wealth Tax Act 1957, or such other legislation in force from time to time including any amendment thereto or any replacement or re-enactment thereof/rules, regulations any clarification and guidelines issued from time to time by the Government of India.

Total Assets: Total Assets of the Scheme at any time shall be the total value of the Scheme's assets, taking into consideration the accruals.

Trust Deed: The Trust Deed of the Mutual Fund dated November 25, 1994 made by and between the Sponsor and the Trustee as amended from time to time or any replacement or substitution thereof.

Trustee: Principal Trustee Company Private Limited incorporated under the Companies Act, 1956.

Unitholder: Individual / Non Individual holding Units of the respective Scheme.

Units of Funds/Units of Mutual Fund Scheme: Units of Mutual Fund Schemes offered by Principal Mutual Fund and/or other Mutual Fund(s) registered in India.

Units: Undivided Share of a unitholder in the assets of the Scheme (and of the option(s), if any) as evidenced by any letter/advice or any other statement/ certificate/instrument.

Year: A year shall be full English Calendar Months viz. 12 months.

Interpretation

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:

♦The terms defined in this Scheme Information Document include the plural as well as the singular.

♦Pronouns having a masculine or feminine gender shall be deemed to include the other.

♦ all Plan(s) have different Portfolio(s) unless specified otherwise.

In this Scheme Information Document, all references to "dollars" or "$" refers to United States dollars, and "R" refers to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

DUE DILIGENCE CERTIFICATE

It is confirmed that:

- the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time:

- all legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

- the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the scheme.

- the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

For **Principal Pnb Asset Management Company Private Limited**

Sd/-
Richa Parasrampuria
Head - Compliance

Date: May 30, 2016

SECTION – III INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

An Open – Ended Dedicated Gilt Scheme investing in Government Securities

B. WHAT ARE THE INVESTMENT OBJECTIVES OF THE SCHEME?

To generate returns through investment in sovereign securities and thus provide capital gains and income distribution to its Unit holders.

C. HOW WILL THE SCHEME /PLAN(S) ALLOCATE ITS ASSETS?

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

Principal Government Securities Fund

Type of Instrument	Normal Allocation (% of Net Assets)	Risk Profile
Government Securities	Upto 100%	Low to Medium

Investment in derivatives shall be upto 35% of the net assets of the Scheme.

Pursuant to SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016, the Scheme shall ensure that the total exposure in a particular sector (determined as per AMFI classification) (Excluding investments in Bank CDs, CBLO, Government Securities, T-Bills and AAA rated securities issued by Public Financial Institution and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme.

Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 5% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies(HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/exposure in HFCs shall not exceed 25% of the net assets of the Scheme.

There is no assurance that the objective of the Scheme may be achieved. Subject to SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. Percentages stated above are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC; the intention being at all times to seek to protect the NAV of the Scheme and interests of the Unit holders. Such changes in the investment pattern will be for short term and only for defensive considerations.

Any change in the investment composition of the Scheme and amounting to a change in the fundamental attributes of the Scheme will be in accordance with Sub Regulation 15A of Regulation 18 of SEBI Regulations.

Further short-term surpluses/funds under the scheme pending deployment in terms of investment objective of the scheme can be deployed in the inter-bank call/notice money (as and when permitted under the regulations). In longer-term assets, sovereign bonds (government securities and treasury bills) which are the most liquid instruments dominate the market. Banks, Institutions, Primary Dealers and Mutual Funds are the dominant participants in this market. Other instruments available for investment are commercial papers, certificates of deposit, promissory notes, non-convertible debentures/floating rates bonds, securitised instruments etc. [subject to the asset allocation pattern of the Scheme]. Various factors such as interest rate movement, fluctuation in the bond markets, political instability, changes in the economic environment, changes in the rating, changes in the tax laws and/or Regulations and/or RBI policies, changes in the liquidity conditions in the money market etc. affect the prices of debt instruments.

Overview of Debt & Money Market in India:

Indian debt markets have witnessed a rapid growth in last couple of years aided by increased government borrowing and initiatives by Reserve Bank of India to implement structural changes in the market place. The debt market is primarily divided into four segments - government securities market, corporate debt market, short-term placement market and derivatives market. While government securities market is highly liquid and accounts for almost 90% of daily market turnover, corporate debt and derivatives markets are developing rapidly. The volumes in the government securities market range between Rs. 10,000 to Rs. 15,000 crores. The main participants in debt market are banks, primary dealers, mutual funds, insurance companies, provident funds and corporates. The government securities are issued in the form of Treasury Bills (91 and 364 days) and long-term bonds. The corporate debt issuance is in the form of short-term commercial papers (upto 1yr) and short and long-term debentures. Of late, securitized asset issuance has gone up sharply with several financial intermediaries issuing asset-backed securities on their assets like commercial loans, personal loans, housing loans etc. The short-term placement market comprises call money, bank deposits and very short maturity corporate debentures. The kinds of risk associated with fixed-income investment are interest rate risk, credit risk and liquidity risk.

Following table exhibits various debt instruments along with recent indicative yields (as on May 30, 2016)

Instrument and Maturity Profile	Indicative Yield (p.a)	Liquidity Profile	Risk
Treasury bills 3 months - 1 year	6.80 – 6.95	High	Low
Government of India Securities – 1 – 3 Years	6.95 – 7.30	High	Moderate
Government of India Securities – 3 - 7 Years	7.30 – 7.60	High	Moderate
Government of India Securities – 7 -20 Years	7.60 – 7.80	High	High
Certificate of Deposits	6.90 – 7.50	High	Low
Commercial Papers	7.20 – 8.50	High	Low
AAA rated Corporate Bonds – 1 -3 Years Maturity	7.70 – 8.10	Moderate to High	Low to Moderate
Corporate Bonds AAA rated 3-5 years Maturity	7.85 – 8.15	Moderate to High	Moderate to High
Corporate Bonds below AAA rated but of investment grade 3-5 years	8.50 – 8.90	Low to Moderate	Moderate to High

Source: Bloomberg

INVESTMENT PROCESS

There is separate team for investment in fixed income instruments & equities. The team works under the supervision of Chief Investment Officer (CIO). CIO is overall in charge for the Fund's investment.

The Investment Manager will carry out the daily investment activities within the framework of SEBI guidelines in accordance with the investment objective as per the Scheme Information Document. The Board of AMC and Trustee reviews the performance of the Scheme in comparison to corresponding schemes of other mutual funds with similar investment objective and asset profile generally. The performance of the Scheme is compared with benchmark.

Review by Board of AMC and Trustees

A detailed review of the schemes of the Fund including its performance vis-à-vis benchmark index, assets size, rankings/ratings received, if any is placed before the Board of Directors of AMC and to the Trustee on a quarterly basis.

D. WHERE WILL THE SCHEME /PLAN(S) INVEST?

Scheme	Where will it invest
Principal Government Securities Fund	➢ The assets under the Scheme will be invested solely in Government Securities. Investment Plan will be managed with a portfolio of government securities of any maturity. However to meet temporary liquidity needs, the Scheme may invest in overnight call money/notice money/bank deposits and/or repos. The Scheme may also invest a part of its assets in financial derivatives such as options and futures & IRS (comprising of government securities) 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. ➢ At present Mutual Funds are not permitted to participate in Inter Bank Calls. The Scheme will participate in Inter Bank Calls only when Mutual Funds are permitted to do so. ➢ Being a scheme dedicated exclusively for investments in Government Securities, Principal Government Securities Fund is eligible to avail at any time liquidity support (from RBI) upto 20% (or such limits as may be permitted from time to time) of the outstanding value of its investments in government securities (as at the close of business on the previous working day), under its guidelines issued vide letter IDMC. No. 2741/03.01.00/95-96, dated April 20, 1996.

The securities may be acquired by the Scheme through Initial Public Offerings (IPOs), secondary market operations, private placement, right offers or negotiated deals. Securities shall be purchased in public offerings, primary/ reissues/ Open Market Operations (OMO) auctions / OMO sales, private placement, right offers, negotiated deals or any other mode of investment made available in the market from time to time.

The regulation and limits as applicable under the SEBI (Mutual Funds) Regulations, 1996 are specified under the Para of Investment Restrictions.

Depository

The Securities of the Scheme will be held in demat (electronic) mode and accordingly the rules of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 would apply. The service charges payable to the Depository Participant will form a part of the annual recurring expenses.

E. WHAT ARE THE INVESTMENT STRATEGIES?

To achieve the investment objective, assets under the Scheme will be invested solely in government securities. However to meet temporary liquidity needs the Scheme may invest in overnight call money/notice money/bank deposits and/or repos. The Scheme may also invest a part of its assets in financial derivatives such as options and futures & IRS (comprising of government securities) 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.

Trading in Derivatives

The Scheme may take derivatives position based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objective of the Scheme . SEBI has vide its Circulars inter alia, DNPD/Cir-29/2005 dated September 14, 2005, DNPD/Cir-30/2006 dated January 20, 2006 and CIR/IMD/DF/11/2010 dated August 18, 2010, specified the guidelines pertaining to trading by Mutual Fund in Exchange traded derivatives and SEBI Circular DNPD/Cir-31/2006 dated September 22, 2006 modifying the position limits for Index derivative contracts.

A derivative is an instrument whose value is derived from the value of one or more of the underlying assets which can be commodities, precious metals, bonds, currency, etc. Common examples of Derivative instruments are Interest Rate Swaps, Forward Rate Agreements, Futures, Options, etc.

Derivative positions taken would be guided by the following principles:

The following section describes some of the more common debt derivatives transactions along with their benefits:

Interest Rate Swap (IRS)

An IRS is an agreement between two parties to exchange stated interest obligations for an agreed period in respect of a notional principal amount. The most common form is a fixed to floating rate swap where one party receives a fixed (pre-determined) rate of interest while other receives a floating (variable) rate of interest.

Interest Rate Futures (IRF)

An interest rate futures contract is "an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today." Interest rate futures are derivative contracts which have a notional interest bearing security as the underlying instrument. The buyer of an interest rate futures contract agrees to take delivery of the underlying debt instruments when the contract expires and the seller of interest rate futures agrees to deliver the debt instrument.

The fund can effectively use interest rate futures to hedge from increase in interest rates.

Forward Rate Agreement (FRA)

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

Example
Let us assume that a Scheme has an investment of Rs10 crore in an instrument which pays interest linked to NSE Mibor. Since the NSE Mibor would vary daily, the Scheme is running an interest rate risk on its investment and would stand to lose if rates go down. To hedge itself against this risk, the scheme could do an IRS where it receives a fixed rate (assume 10%) for the next 5 days on the notional amount of Rs10 crore and pay a floating rate (NSE Mibor). In doing this, the scheme would effectively lock itself into a fixed rate of 10% for the next five days. The steps would be.

1. The scheme enters into an IRS on Rs10 crore from May 1, 2013 to May 8, 2013. It receives a fixed rate of interest at 10% and the counter party receives the floating rate (NSE Mibor). The Scheme and the counter party exchange a contract of having entered into this IRS.
2. On a daily basis, the NSE Mibor will be tracked by the counterparties to determine the floating rate payable by the scheme.
3. On May 8, 2013, the counterparty will calculate the following;

- The scheme will receive interest on Rs10 crore at 10% p.a. for 5 days i.e. Rs1,36,986/-
- The scheme will pay the compounded NSE Mibor for 5 days
- Effectively, the scheme has earned interest at 10% p.a. for 5 days by converting its floating rate asset into a fixed rate through the IRS.

If the total interest on the compounded NSE Mibor rate is lower than Rs1,36,986/-, the scheme will receive the difference from the counterparty and vice-versa. In case the interest on compounded NSE Mibor is higher, the scheme would make a lower return than what it would have made had it not undertaken IRS.

Further, the exposure limits for trading in derivatives by Mutual Fund specified by SEBI vide its circular Ref. No. Cir/IMD/DF/11/2010 dated August 18, 2010 are as follows:

1) The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net assets of the Scheme.
2) The Scheme shall not write options or purchase instruments with embedded written options.
3) The total exposure related to option premium paid must not exceed 20% of the net assets of the Scheme.
4) Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

5) Exposure due to hedging positions may not be included in the above mentioned limits, subject the following:
   (a) Hedging positions are the derivative positions that reduce possible losses on existing positions in securities and till the existing position remains.
   (b) Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
   (c) Any derivative instrument used to hedge has the same underlying security as the existing positions being hedged.
   (d) The quantity of underlying associated with the derivative positions taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
6) The Scheme may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.
7) Exposure due to derivative positions taken for hedging purposes in excess of the underlying positions against which the hedging position has been taken, shall be treated under the limits mentioned in Point 1.
8) Position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows: -

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option premium Paid * Lot Size* Number of Contracts

Portfolio Turnover Rate

The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during a particular year/period divided by the Average Asset under Management (average of Assets under Management on last day of month) for the relevant year/period.

"Portfolio Turnover" is the term used by any Mutual Fund for measuring the amount of trading that occurs in a Scheme's portfolio during the year. The Scheme is an open-ended Scheme. It is expected that there may be a number of subscriptions and repurchases on a daily basis. Moreover, portfolio turnover in the Schemes will be a function of market opportunities. The economic environment changes on a continuous basis and exposes portfolio to systematic as well as non-systematic risk. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. However, a high turnover would significantly affect the brokerage and transaction costs. This will exclude the turnover caused on account of:

- Investing the initial subscription,
- Subscriptions and redemption undertaken by the unit holders.

The AMC will endeavor to balance the increased cost on account of higher portfolio turnover with the benefits derived therefrom. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of arbitrage opportunities that exist for scrips/securities held in the portfolio rather than an indication of a change in AMC's view on a scrip, etc.

F FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) Type of a scheme

- Open ended Scheme

(ii) Investment Objective

- Main Objective - Please refer **Investment Objective** of respective Scheme as mentioned above
- Investment pattern - Please refer the Section on **'How will the Scheme /Plan(s) allocate its assets'**

(iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption. Please refer the section on **'Ongoing offer Details'**
- Aggregate fees and expenses charged to the scheme. Please refer the section on **'Fees and Expenses'**
- Any safety net or guarantee provided. **Not Applicable**

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.
-

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

The benchmark of the scheme is I-Sec Composite Index

The composition of the aforesaid benchmarks is such that they are most suited for comparing performance of the Scheme. The Fund reserves the right to change the said benchmark and/or adopt one/more other benchmarks to compare the performance of the Scheme, subject to SEBI Regulations.

H. WHO MANAGES THE SCHEME?

Fund Manager & Managing the Current Fund from	Designation:	Age & Qualification	Brief Experience	Name of Schemes under his management
Ms. Bekxy Kuriakose- October 2012 She has been managing the fund for 3 years 7 months	Head – Fixed Income	38 years B.A.(Honours) in Economics, PGDM (IIM Bangalore	Ms. Bekxy has more than 16 years of experience in Fund Management, Research and Dealing. Prior to joining Principal Mutual Fund, Ms. Bekxy was associated with L&T Investment Management Limited as AVP – Fixed Income heading the Debt Team and responsible for the debt fund management, Reliance Life Insurance Co. Ltd. as Fund Manager – Investments managing debt funds and debt portion of Hybrid debt funds and SBI Funds Management Pvt. Ltd. handling various positions during her association with SBI i.e. being Dealer and Scheme in charge, Credit Analyst and lastly being Fund Manager for various flagship schemes of SBI.	a) Principal Government Securities Fund b) Principal Dynamic Bond Fund c) Principal Credit Opportunities Fund d) Principal Balance Fund

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Following are the Investment limitations/restrictions:-

- A mutual fund scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company:
  Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and collateralized borrowing and lending obligations:
  Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board.

- The Scheme shall not invest more than 10% of its NAV in unrated debt instruments (of any residual maturity period) issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of the AMC.

- Transfers of investments from one scheme to another scheme of Principal Mutual Fund shall be allowed only if:
  - Such transfers are done at the prevailing market price for quoted instruments on spot basis.
  [Explanation - "Spot basis" shall have same meaning as specified by stock exchange for spot transactions.]
  - The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

- A scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter scheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.

- The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities.

  Provided that the Scheme may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.

  Provided further that sale of Government securities already contracted for purchase shall be permitted in accordance with the Guidelines issued by RBI in this regard;

  Provided further the Scheme may also enter into derivatives transactions in a recognised stock exchange, subject to the framework specified by the Board.

- The Mutual Fund shall get the securities purchased or transferred in the name of the Mutual Fund on account of the concerned scheme, wherever investments are intended to be of long-term nature

- Pending deployment of Funds of the scheme in terms of investment objective, Mutual Fund may invest them in short term deposits of scheduled commercial banks, subject to the following:
  - The scheme shall not park more than 15% of the net assets in Short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the mutual fund in short term deposits.
  - The scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - No funds of the scheme may be parked in short term deposit of a bank which has invested in that scheme.
  - Short Term for such parking of fund by Mutual Fund shall be treated as a period not exceeding 91 days read with the provisions of SEBI Circular dated December 11, 2008 bearing reference SEBI/IMD/CIR No. 12/147132/08.
- The scheme shall not make any investment in:

- any unlisted security of an associate or group company of the sponsor; or
- any security issued by way of private placement by an associate or group company of the sponsor; or
- the listed securities of group companies of the sponsor which is in excess of 25% of the net assets

- The Scheme shall not invest in any Fund of Funds Scheme.

- Aggregate value of "Illiquid Securities" of the Scheme, which are defined as non-traded, thinly traded and unlisted equity share, shall not exceed 15% of the total assets of the Scheme.

- The Fund under all its Schemes should not own more than 10% of any company's paid up capital carrying voting rights.

- Pursuant to SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016, the Scheme shall ensure that the total exposure in a particular sector (determined as per AMFI classification) (Excluding investments in Bank CDs, CBLO, Government Securities, T-Bills and AAA rated securities issued by Public Financial Institution and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme.

  Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 5% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies(HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/exposure in HFCs shall not exceed 25% of the net assets of the Scheme.

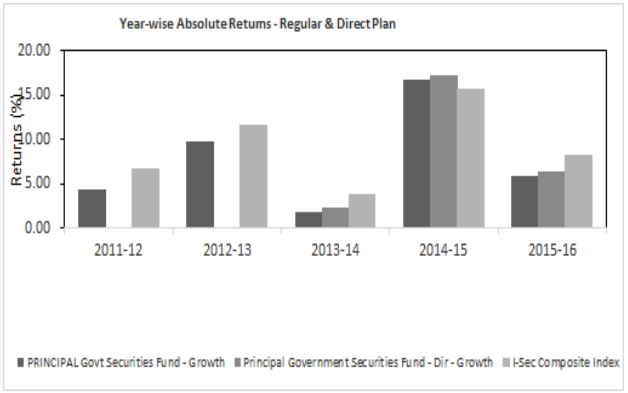
- Pursuant to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016, the Scheme shall ensure that the total exposure of debt schemes of a Mutual Fund in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees.

J.HOW HAVE THE SCHEME PERFORMED?

Principal Government Securities Fund

Performance of the Scheme as on April 29, 2016

Particular	Date	Appreciation	
		NAV*	I-SEC Composite Index
Regular Plan			
Last 1 Year	30-April 2015	7.68	9.08
Last 3 years	30-April 2013	7.76	8.75
Last 5 years	29-April 2011	8.00	9.45
Since Inception	23-Aug-2001	7.76	NA
Last 1 Year	30-April 2015	8.22	9.08
Last 3 years	30-April 2013	8.30	8.75
Since Inception	02-Jan-2013	8.75	9.25



Past performance may or may not be sustained in the future. * Growth Option.

Note: Returns more than 1 year are calculated on compounded annualised basis.

PORTFOLIO - Top 10 Holdings (As on April 30, 2016)

Issuer Name	% to NAV
Government Of India (G-Secs/SDL)	97.12
Cash and Cash Equivalents @	2.88
Note: '@ Cash and Cash Equivalents includes CBLO/Repo and Net Current Assets	

SECTOR ALLOCATION - Top 10 (As on April 30, 2016)

Sector Allocation	% to NAV
GOVERNMENT OF INDIA	97.12
CASH AND CASH EQUIVALENTS @	2.88
Net Asset Value	**100.00**

@ Cash and Cash Equivalents includes CBLO/Repo and Net Current Assets

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

K. INVESTMENT BY AMC

The AMC and investment companies managed by the Sponsor, its affiliates, its associate companies and subsidiaries may invest either directly or indirectly in the Scheme. The money managed by these affiliates, associates, the Sponsor, subsidiaries of the Sponsor and/or the AMC may acquire a substantial portion of a Scheme's units and collectively constitute a major investment in a Scheme. Accordingly, repurchase of units held by such affiliates/associates and Sponsor may have an adverse impact on the units of a Scheme, because the timing of such repurchase may impact the ability of other unit holders to repurchase their units. The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time and in accordance with SEBI Circular no. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003 and SEBI/IMB/CIR No.1/42529/05 dated June 14, 2005 regarding minimum number of investors in the Scheme/ Plan. The AMC shall not charge any fees on investment by the AMC in the units of the Scheme.

The Aggregate Investment in the scheme under the following categories as on April 30, 2016:

Sr. No.	Categories	Aggregate Investment in the scheme (in Rs.)
1.	AMC's Board of Directors	NIL
2.	Fund Manager of the Scheme	462,395.19
3.	Key Personnel of AMC	462,395.19

L. PRODUCT DIFFERENTIATION

<table>
<tr><th colspan="3">Comparison of certain features of Principal Government Securities Fund vis-a-vis other existing open-ended Debt/Income/Liquid Schemes of Principal Mutual fund</th></tr>
<tr><th>Scheme Name</th><th>Principal Debt Savings Fund - Monthly Income Plan</th><th>Principal Debt Savings Fund - Retail Plan</th></tr>
<tr><td>Investment Objective</td><td>To generate regular income through investments in fixed income securities so as to make periodical income distribution to the Unitholders and also to generate long-term capital appreciation by investing a portion of the Scheme's assets in equity and equity related instruments.</td><td>To seek to generate stable returns and capital appreciation through investment in Debt instruments and related securities over medium to long term investment horizon.</td></tr>
<tr><td>Asset Allocation Pattern</td><td>Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th>Type of Instrument</th><th>Normal Allocation (% of Net Assets)</th><th>Risk Profile</th></tr>
<tr><td>Debt & Money Market Instruments (including Securitised Debt upto 50%)</td><td>Upto 100%</td><td>Low to medium</td></tr>
<tr><td>Equity and Equity Related Instruments (including units of Equity Mutual Fund Schemes)</td><td>Upto 15%</td><td>Medium to High</td></tr>
</table>
Investment in derivatives shall be upto 35% of the net assets of the Scheme. Investment in ADRs / GDRs shall be not exceeding 15% of the Scheme's assets. Investment in Overseas Financial Debt Instruments including units of Overseas Mutual Funds shall not be 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.</td><td>Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th>Type of Instrument</th><th>Normal Allocation (% of Net Assets)</th><th>Risk Profile</th></tr>
<tr><td>Debt Securities (including Securitized Debt upto 50%)</td><td>Upto 100%</td><td>Low to medium</td></tr>
<tr><td>Money Market Instruments (including cash & cash equivalent, CBLO & Reverse Repo)</td><td>Upto 100%</td><td>Low</td></tr>
</table>
Investment in derivatives shall be upto 50% of the net assets of the Scheme.</td></tr>
</table>

<table>
<tr><td>Investment Strategy</td><td>To achieve the investment objective, assets under the Plan will be invested in wide range of fixed income and money market instruments. The Plan may also invest a small part of its assets in equity/equity related instruments including units of equity mutual fund schemes. Further the Plan 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>To achieve the Investment Objective, assets under the Scheme will be invested in a wide range of Fixed Income and Money Market instruments - rated Investment Grade or higher or otherwise comparable (if not rated).</td></tr>
<tr><td>AUM in Rs. Cr. (April 30, 2016)</td><td>21.39</td><td>21.17</td></tr>
<tr><td>No. of Folios (April 30, 2016)</td><td>2408</td><td>2249</td></tr>
<tr><td>Differentiation</td><td>The scheme has two plans - MIP and Retail. The MIP plan will seek to generate regular income by investing in fixed income securities and also generate long term appreciation by investing a portion of corpus in equity/equity related instruments including units of equity mutual fund schemes while the Retail Plan will seek to generate income by investing in fixed income & related instruments. The equity investment in the MIP is capped at 15%. The Retail Plan accepts subscriptions from Retail Investors only including Individuals, HUF and AoP.</td><td>The scheme has two plans - MIP and Retail. The MIP plan will seek to generate regular income by investing in fixed income securities and also generate long term appreciation by investing a portion of corpus in equity/equity related instruments including units of equity mutual fund schemes while the Retail Plan will seek to generate income by investing in fixed income & related instruments. The equity investment in the MIP is capped at 15%. The Retail Plan accepts subscriptions from Retail Investors only including Individuals, HUF and AoP.</td></tr>
<tr><td>Scheme Name</td><td>Principal Government Securities Fund</td><td>Principal Dynamic Bond Fund</td></tr>
<tr><td>Investment Objective</td><td>To generate returns through investment in sovereign securities and thus provide capital gains and income distribution to its Unit holders.</td><td>To generate regular income and capital appreciation/ accretion through investment in debt instruments and related securities besides preservation of capital.</td></tr>
<tr><td>Asset Allocation Pattern</td><td>Under normal circumstances, the asset allocation would be as follows:
<table>
<tr><th>Type of Instrument</th><th>Normal Allocation (% of Net Assets)</th><th>Risk Profile</th></tr>
<tr><td>Government Securities</td><td>Upto 100%</td><td>Low to Medium</td></tr>
</table>
Investment in derivatives shall be upto 35% of the net assets of the Scheme.</td><td>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>Debt Securities</td><td>Upto 100%</td><td>Low to Medium</td></tr>
<tr><td>Money Market Instruments</td><td>Upto 100%</td><td>Low</td></tr>
<tr><td>Securitised Debt</td><td>Upto 50%</td><td>Low to Medium</td></tr>
</table>
Investment in derivatives shall be upto 35% of the net assets of the Scheme. Investment in Overseas Financial Debt Instruments including units of Overseas Mutual Funds shall not be</td></tr>
</table>

<table>
<tr><td></td><td></td><td>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.</td></tr>
<tr><td>Investment Strategy</td><td>To achieve the investment objective, assets under the Scheme will be invested solely in government securities. However to meet temporary liquidity needs the Scheme may invest in overnight call money /notice money/bank deposits and/or repos. The Scheme may also invest a part of its assets in financial derivatives such as options and futures & Interest Rate Swaps (IRS) (comprising of government securities) 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 will aim to invest its assets in a portfolio of debt instruments and related securities of government, quasi-government, corporate issuers and money market instruments with varying risks – rated investment grade or higher or otherwise comparable (if not rated).</td></tr>
<tr><td>AUM in Rs. Cr. (April 30, 2016)</td><td>24.89</td><td>99.41</td></tr>
<tr><td>No. of Folios (April 30, 2016)</td><td>178</td><td>2760</td></tr>
<tr><td>Differentiation</td><td>As the name of the scheme suggests, the assets will be solely invested in government securities. The scheme can invest in government securities of any maturity. This is the only scheme dedicated exclusively for investing in government securities. Therefore the scheme is eligible to avail liquidity support (from RBI).</td><td>The fund is Suitable for investors seeking risk efficient exposure to an actively managed fixed income portfolio that invests in a diversified basket of short-term debt, long-term debt and higher yielding debt securities. The fund manager will dynamically manage the portfolio by adjusting the duration and credit exposures over the interest rate cycle with an aim to provide superior risk adjusted return. This also mitigates the need for investors to switch between low and high duration funds over the interest rate cycle.</td></tr>
<tr><td>Scheme Name</td><td>Principal Credit Opportunities Fund</td><td>Principal Short Term Income Fund</td></tr>
<tr><td>Investment Objective</td><td>The primary objective is to generate income and capital gains through investments in a portfolio of securities issued by Private and Public Sector Companies.</td><td>To generate regular income and capital appreciation/ accretion through investment in debt instruments and related securities besides preservation of capital and has been designed to achieve stable returns over shorter-term investment horizons.</td></tr>
<tr><td>Asset Allocation Pattern</td><td>Under normal circumstances, the asset allocation would be as follows:

<table><tr><th rowspan="2">Type of Instrument</th><th colspan="2">Normal Allocation (% of Net Assets)</th><th rowspan="2">Risk Profile</th></tr><tr><th>Min</th><th>Maxi</th></tr></table></td><td>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>Debt Securities</td><td>Upto 100%</td><td>Low to</td></tr></table></td></tr>
</table>

	imum	**mum**	
Debt and Money Market Instruments issued by Private and Public sector companies including Commercial Papers and *Securitised Debt	70%	100%	Medium to High
CBLO, T-bills and units of Liquid / Money Market / Debt Mutual Fund Scheme(s).	0%	30%	Low to Medium

*Investment in Securitized Debt may be up to 30% of its Net Assets.

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

Average maturity of the portfolio will be maintained at or below 5 years.

(including securitised debt upto 50%)		Medium
Money Market Instruments	Upto 100%	Low

Investment in derivatives shall be upto 35% 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.
The Scheme portfolio will have an average residual maturity of upto 36 months.

Investment Strategy	The Scheme will invest primarily in Debt & Money Market securities issued by Private and Public sector companies. The Investment manager will be taking calls on interest rates and credit while making investments in such securities. The average maturity profile of the portfolio may reach up to 5 years. The Investment Manager will take active strategic and tactical positions with key source of returns being Interest Rates and Credit.	The Scheme aims to invest its assets in a portfolio of debt instruments and related securities of government, quasi-government, corporate issuers and money market instruments (rated investment grade or higher or other-wise comparable, if not rated) with average residual maturity of upto 36 months and varying risks.
AUM in Rs. Cr. (April 30, 2016)	95.44	141.72
No. of Folios (April 30, 2016)	494	1653
Differentiation	The scheme aims to generate income and capital appreciation by investing in a diversified portfolio of various corporate debt instruments across different maturities and credit ratings.	The fund is positioned to generate capital appreciation/accretion through investment in debt instruments. Short Term Fund is positioned to achieve stable returns over short term investment horizons. The fund will seek to invest in debt instruments, securities of government, quasi-government, corporate

<table>
<tr><td></td><td></td><td>issuers and money market instruments, Short Term Plan will seek to invest in securities with average residual maturity of upto 36 months</td></tr>
<tr><td>Scheme Name</td><td>Principal Bank CD Fund</td><td>Principal Low Duration Fund</td></tr>
<tr><td>Investment Objective</td><td>The objective is to generate returns by primarily investing in Bank CDs. Bank CDs provide liquidity and a relatively lower credit risk.</td><td>To generate regular income & capital appreciation through investments in debt securities and money market instruments.</td></tr>
<tr><td>Asset Allocation Pattern</td><td>Under normal circumstances, the asset allocation would be as follows:
<table><tr><th rowspan="2">Type of Instrument</th><th colspan="2">Normal Allocation (% of Net Assets)</th><th rowspan="2">Risk Profile</th></tr><tr><th>Minimum</th><th>Maximum</th></tr><tr><td>Bank CDs</td><td>0%</td><td>90%</td><td>Medium to High</td></tr><tr><td>Repo, CBLO, Units of Money Market / Liquid Funds</td><td>0%</td><td>90%</td><td>Low to Medium</td></tr><tr><td>Debt Instruments</td><td>10%</td><td>20%</td><td>Medium to High</td></tr></table></td><td>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>Debt & Money Market Instruments (including cash & CBLO)</td><td>Up to 100%</td><td>Low to Medium</td></tr></table>
Investment in Securitised Debt may be up to 50% of the net assets of the Scheme. The Scheme may also invest up to 50% of net assets of the Scheme in such derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing and other uses as may be permitted under the SEBI (Mutual Funds) Regulations, 1996.

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

The Scheme portfolio will have an average maturity of upto 370 days.</td></tr>
<tr><td>Investment Strategy</td><td>The scheme will primarily invest in Certificate of Deposits issued by Banks. Bank CDs tend to carry higher credit quality. Bank CDs help the investors who are seeking exposure to money market while taking relatively lower credit risk and aiming to generate reasonable returns</td><td>The net assets of the Scheme will be invested in money market and debt instruments. The fund will seek to optimize the risk return proposition for the benefit of investors. The investment process will focus on macro-economic research, credit risk and liquidity management. The fund will maintain a judicious mix of cash, short term and medium term instruments based on the mandates of the Scheme. As part of credit risk assessment, the fund will also apply its credit evaluation process besides taking guidance from ratings of rating agencies. In order to maintain liquidity, the fund will maintain a reasonable proportion of the Scheme’s investments in relatively liquid investments.</td></tr>
<tr><td>AUM in Rs. Cr. (April 30, 2016)</td><td>75.00</td><td>285.61</td></tr>
<tr><td>No. of Folios</td><td>639</td><td>2403</td></tr>
</table>

<table>
<tr><td>(April 30, 2016)</td><td></td><td></td></tr>
<tr><td>Differentiation</td><td>Principal Bank CD Fund has an objective to generate returns and avoid short-term volatility in fixed income markets by investing primarily in Bank CDs. Bank CDs tend to offer safer haven and also carry high credit quality. Bank CDs also help the investors who are seeking exposure to money market while taking relatively lower credit risk and aiming to generate reasonable returns.</td><td>The scheme is positioned to generate returns by investing in low duration debt & money market securities with the average maturity less than 12 months</td></tr>
<tr><td>Scheme Name</td><td>Principal Retail Money Manager Fund</td><td>Principal Cash Management Fund</td></tr>
<tr><td>Investment Objective</td><td>To generate regular income & capital appreciation through investments in
debt securities and money market instruments.</td><td>To provide investors with as high a level of income available from short-term investments as is considered consistent with preservation of capital and maintenance of liquidity, by investing in a portfolio of money market and investment grade debt instruments</td></tr>
<tr><td>Asset Allocation Pattern</td><td>Under normal circumstances, the asset allocation would be as follows:
<table><tr><th>Type of instrument</th><th>Normal Allocation (% of Net Assets)</th><th>Risk Profile</th></tr><tr><td>Debt Instruments & Money Market Instruments (including cash and CBLO)</td><td>Upto 100%</td><td>Low to Medium</td></tr></table>
Investment in Securitised Debt may be up to 50% of the net assets of the scheme. The Scheme may also invest up to 50% of net assets of the Scheme in such derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing and other uses as may be permitted under the SEBI (Mutual Funds) Regulations, 1996.

The Scheme Portfolio will have an average maturity of upto 180 days.</td><td>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>Call / Term Money / Repos / Reverse Repos / Deposits with Banks</td><td>Upto 100%</td><td>Low to medium</td></tr><tr><td>Bill Re-discounting</td><td>Upto 50%</td><td>Low to medium</td></tr><tr><td>Other equivalent Money Market Instruments</td><td>Upto 100%</td><td>Very Low</td></tr><tr><td>Debt (including Securitised Debt) instruments other than those above</td><td>Upto 50%</td><td>Low to medium</td></tr></table>
The Scheme may upto 35% of the net assets of the Scheme invest in Derivatives. The Scheme may also invest in Overseas financial debt instruments including units of overseas mutual funds not exceeding than 25% 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.

Pursuant to the SEBI circular dated January 19, 2009:</td></tr>
</table>

		• the Scheme can make investment in / purchase Debt and Money Market Instruments with the residual maturity of up to 91 days only. Inter scheme transfers in the Scheme shall be carried out in Debt and Money Market Instruments with the residual maturity of upto 91 days.
Investment Strategy	The net assets of the scheme will be invested in money market and debt instruments. The scheme will seek to optimize the risk return proposition for the benefit of investors. The investment process will focus on macro-economic research, credit risk and liquidity management. The scheme will maintain a judicious mix of cash, short term and medium term instruments based on the mandates of the scheme. As part of credit risk assessment, the scheme will also apply its credit evaluation process besides taking guidance from ratings of rating agencies. In order to maintain liquidity, the scheme will maintain a reasonable proportion of the scheme's investments in relatively liquid investments.	The scheme will invest its assets in a portfolio of money market instruments. The investments will be in securities, which the Investment Manager believes present minimal liquidity risks and/or credit risks.
AUM in Rs. Cr. (April 30, 2016)	1565.47	4590.21
No. of Folios (April 30, 2016)	1346	1842
Differentiation	This scheme is positioned to invest its entire corpus in Debt and Money Market Instruments (including cash & CBLO). Within the investment mandate, the scheme will have an average maturity of upto 180 days.	This scheme is suitable for investors who seek income from short term investments alongwith preservation of capital and maintenance of liquidity. The Fund Manager will endeavour to invest in securities which present minimal liquidity and/or credit risks. The investment universe of the scheme covers Call/Term Money/Repo/Reverse Repo/Deposits with Banks - upto 100%, Bills Re-discounting - upto 50%, other equivalent Money Market Instruments - upto 100%, Debt (including Securitised Debt) instruments other than those above - upto 50%. However as the scheme is positioned as a liquid fund, the scheme would be investing in instruments with maturity of up to 91 days.

SECTION-IV UNITS AND OFFER

This section provides details you need to know for investing in the Scheme.

A. NFO DETAILS

This section does not apply to the Scheme covered in this Scheme Information Document, as the ongoing offer of the Scheme has commenced after the NFO, and the units are available for continuous subscription and redemption.

B. ONGOING OFFER DETAILS

<table>
<tr><td>Ongoing Offer Period
This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the New Fund Offer (NFO) period</td><td>The date of inception of Regular Plan under the Scheme is August 23, 2001

The date of inception of Direct Plan under the afore-mentioned Scheme is January 1, 2013.

The above scheme being open ended, Investors can subscribe to the units on an ongoing basis. To provide liquidity to the investors, the Scheme will offer Redemption / Switch-out of Units at NAV based prices on every Business Day on an ongoing basis subject to applicable exit load.</td></tr>
<tr><td>Ongoing price for subscription (purchase) / switch-in (from other schemes / plans of the mutual fund) by investors.
This is the price you need to pay for purchase / switch-in.</td><td>At applicable NAV</td></tr>
<tr><td>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.
This is the price you will receive for redemptions / switch outs.
Example: If the applicable NAV is Rs10, exit load is 2% then redemption price will be: Rs10* (1-0.02) = Rs. 9.80</td><td>At the applicable NAV subject to prevailing exit loads</td></tr>
<tr><td>Plans / Option offered</td><td>Plan(s) /Option(s) currently offered under the Scheme are detailed below. The AMC reserves the right to introduce a new option/investment Plan at a later date, subject to the SEBI Regulations.

<table>
<tr><th>Scheme</th><th>Plans</th><th>Options</th><th>Sub options/Frequencies /Facilities</th></tr>
<tr><td>Principal Government Securities Fund</td><td>▪ Regular
▪ Direct</td><td>- Dividend
- Growth</td><td><u>Frequency / Facility under Dividend Option</u>:
• Quarterly & Annual Dividend - Payout, Reinvestment and Sweep facility</td></tr>
</table>
</td></tr>
</table>

Dividend Option/Plan:

Under Dividend Option/Plan, dividend will be declared subject to availability of distributable surplus and at the discretion of AMC/Trustee. The undistributed portion of the income will remain in the Option/Plan and be reflected in the NAV, on an ongoing basis. The Trustee decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.

Further, the Dividend Option will have the facility of Payout, Re-investment and Sweep. Applicants should indicate the Option/Facility for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the Application Form. Applicants can allocate the investment in both the Options subject to a minimum investment amount of the Scheme/Plan.

The Trustee reserves the right to introduce new dividend distribution options and/or alter the dividend payout intervals, frequency etc.

Dividend Payout Facility
Under this Facility, the unit holders would receive payout of their dividend.

Dividend Re-investment Facility
Under this Facility, dividend declared will be re-invested in the Scheme/Option itself, at applicable NAV based prices.

Dividend Sweep Facility
Under this facility, the unit holders may reinvest their dividend in any other open ended scheme of the Fund at the applicable NAV based prices, subject to the minimum investment and eligibility requirements of the scheme in which the dividend is being invested. The appropriate number of units shall be credited to unit holder's account at the applicable NAV on the same date when the NAV is ex-dividend.

Growth Option
Under this option, the Mutual Fund will not declare any dividend. The income earned by the Schemes will remain invested in the Schemes concerned and will be reflected in the NAV. This Option is suitable for investors who are not looking for current income but who have invested only with the intention of capital appreciation.

Growth Payout Plan (Auto Earning Payout Option)
Under Auto Earning Payout Option, ordinarily no dividend shall be declared. However, under this Option, an automatic payout by way of redemption of units, equivalent/close to the amount/percentage (yield) of dividend declared under the Dividend Plan (monthly, quarterly or other intervals as the case may be) will be made to the unitholders. Subject to the above, income earned and profits realized in respect of a Unit issued under the Plan will continue to remain invested until repurchased and shall be deemed to have remained invested in the Plan itself, which will be reflected in the NAV.

Growth Accumulation Plan
Under Growth Accumulation Plan, ordinarily no dividend shall be declared. All income earned and profits realized in respect of a Units issued under this Plan of the Scheme will continue to remain invested until repurchase and shall be deemed to have remained invested in the Plan itself, which will be reflected in the NAV. However the Trustees reserve the right to pay out dividends either based on a change in market conditions, tax regulations or any other situation that would make it more beneficial for unitholders to receive dividends.

Default Option:

Refer table below for understanding the result for various plansselected by the investor for applications –

Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
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

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.

In case of valid applications received without indicating any choice of Option, it will be considered as option for Growth option and processed accordingly. In case of valid application received without indicating any choice of Dividend Payout Facility, Dividend Reinvestment Facility or Dividend Sweep Facility, it will be considered as option for Dividend Payout Option and processed accordingly.

The unitholder is subsequently free to switch the units from the default Plan to any other eligible option/s, facilities of the Scheme, at the applicable NAV.

Allotment

The allotment will be made where applications received are complete in all respects. However, an offer to purchase units is not binding on, and may be rejected by AMC, until it has been confirmed through an Account/Transaction Statement and payment has been received.

Refunds

Refund of subscription money to investors whose application is invalid for any reason whatsoever, or whose application has not been accepted in full will be without incurring any liability whatsoever for interest or other sum.

Who can invest

This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile

The following persons (subject wherever relevant to, purchase of Units being permitted under their respective constitutions and relevant State Regulations) are eligible to apply for purchase of units under the Scheme:

(i) Resident Indian Nationals who are:

- Adult individuals as sole holder,
- Adult individuals not exceeding three jointly or on an either/anyone or survivor basis.
- Parents/Lawful guardians on behalf of Minors.
- Partnership Firms
- Hindu Undivided Families(HUF), through their Karta acting or on behalf of the HUF
- Institutions, Companies, Bodies Corporate, Public Sector Undertakings

- Banks (including Co-operative Banks and Regional Rural Banks), Funds, Financial and Investment Institutions and Societies registered under the Societies Registration Act 1860 or Co-operative Societies, subject to their byelaws permitting them to invest in the units of the mutual fund,
- Religious and Charitable Trusts, drafts or endowments and Private Trusts, under the provisions of Section 11(5) of Income tax Act, 1961 read with Rule 17(C) of Income tax Rules 1962 registered under the Societies Registration Act/Indian Trusts Act, Trustees of Private Trusts authorized to invest in mutual fund schemes under their trust deeds
- Scientific and Industrial Research Organizations
- Association of Persons/Body of Individuals, whether incorporated or not
- Army/Air Force/Navy other paramilitary units and bodies created by such institutions besides other eligible institutions
- Mutual Funds registered with SEBI

(ii) Multilateral Funding Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India.

(iii) Overseas Financial Organizations which have entered into an arrangement for investment in
India, inter-alia with a Mutual Fund registered with SEBI and which arrangement is approved by the Central Government.

(iv) Non-Resident Indians (NRIs)/Foreign Institutional Investors (FIIs) and Persons of Indian origin residing abroad (except 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 and Persons resident of Canada), on a full repatriation basis or non-repatriation basis. Presently OCBs cannot invest in domestic mutual funds pursuant to RBI A.P. (DIR Series) Circular No.14 dated September 16, 2003.

(v) Such other individuals/institutions/body corporate, etc. as may be decided by the Fund from time to time, so long as wherever applicable they are in conformity with regulations.

(vi) Other Schemes of Principal Mutual Fund subject to the conditions and limits prescribed by applicable SEBI Regulations.

(viii) The Trustees/Trust, AMC or Sponsor or its affiliates, its associate companies and subsidiaries may also subscribe to the units under this Fund.

(ix) Pension/Gratuity/Superannuation Fund(s) and such other retirement and employee benefit and other similar Funds.

The Trustees may accept an application from an unincorporated body of persons/trusts. The Trustees may from time to time add and review the persons eligible for making application for purchase of units under the Scheme.The Scheme has not been and will not be registered in any country outside India. To ensure compliance with any domestic / international Laws, Acts, Enactment, etc. including by way of Circulars, Press Releases, or Notifications of Government of India, the Fund may require/give verification of identity/any special/additional subscription-related information from/ of the unitholders (which may result in delay in dealing with the applications, Units, benefits, distribution, etc./giving subscription details, etc.). Each unitholder must provide such information asked for and also represent and warrant to the Trustees/AMC that, among other things, he is able to acquire Units without violating applicable laws. The Trustees will not knowingly offer or sell Units to any person to whom such offer or sale would be unlawful, or might result in the

	Fund incurring any liability or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer. Units may not be held by any person who fails to provide the information called for or in breach of the law or requirements of any governmental, statutory authority including, without limitation, exchange control regulations. The AMC/Trustees may compulsorily redeem any Units held directly or beneficially by any person who fails to provide the information called for or found to be held in contravention of these requirements / prohibitions. In view of the individual nature of investment portfolio and its consequence, each unitholder is advised to consult his/her own professional advisor concerning possible consequences of purchasing, holding, selling, converting or otherwise disposing of the Units under the laws of his/her state/country of incorporation, establishment, citizenship, residence or domicile. Kindly note that neither the Statement of Additional Information; nor this Scheme Information Document, nor the Application for the Units, nor the Units ("these Documents") have been registered in any jurisdiction. The distribution of these Documents in certain jurisdictions may be prohibited or restricted or subject to registration requirements and accordingly, persons who come into possession of any of these Documents are required to inform themselves about and to observe, any such restrictions. No person receiving a copy of any of these Documents in such jurisdiction may act or treat these Document or any part/portion thereof as constituting an invitation to him to subscribe for Units, nor should he in any event use any such Documents, unless in the relevant jurisdiction such an invitation could lawfully be made to him and such Documents could lawfully be used without compliance with any registration or other legal requirements. Accordingly, none of these Documents (including or any part/portion thereof) constitute an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to any one to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of any of these Documents and any persons wishing to apply for Units pursuant to these Documents to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.
How to Apply	Please refer to the SAI and Application form for the instructions.
Listing	All the schemes being open ended, units of the Schemes will not be listed.
Cut off timing for subscriptions / redemptions/ switches **This is the time before which your application (complete in all respects) should reach the Official Points of Acceptance**	***Cut Off Time For Subscriptions/ Switch–in*** **a.** In respect of valid applications received upto 3.00 pm with funds transferred electronically to scheme's bank account or 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; Allotments in respect of purchases / switch-ins to the Scheme / Plan(s)(other than liquid schemes) for an amount equal to or more than Rs. 2 Lakh will be done at the closing NAV of that day on which both the funds are realized without availing any credit facility, whether, intra-day or otherwise; and applications (duly stamped) is received upto 3.00 p.m. 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 applications shall be consolidated at PAN level and all such applications will be subjected to the above referred rule applicable to an application received for Rs. 2 Lakh and above. **Cut Off Time For Redemptions / Switch–out (*Applicable for all other schemes)*** **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. **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 In case of 'switch' transactions from one scheme to another, the allocation shall be in line with redemption payouts. The above cut-off timings shall also be applicable to investments 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 Transaction as disclosed on the back cover page of the Scheme Information Document, Key Information Memorandum and also on the web-site, *www.principalindia.com*.
Where can the filled up applications for Purchase / Redemption / switches be submitted?	Applications filled up and duly signed by the applicants for Purchase/Redemption/ switch requests should be submitted at office of AMC or Karvy Computershare Private Limited ('Karvy') – Registrar and Transfer Agent nearest to you, which have been identified as ISCs / Official Points of Acceptance and whose names and addresses are mentioned on the last/back cover page of this Scheme Information Document. Please refer the last / back cover page of this Scheme Information Document for name, address, contact no. and website address of the R&T. Investors can also subscribe and redeem units online from the official website of AMC i.e. www.principalindia.com. Investors can also subscribe to the Units of the Scheme(Except Direct Plan, Sweep facility under Dividend Option of Regular Plan and such Plans/Options where further subscription has been suspended) through MFSS facility of NSE and BSEStAR MF Platform facility of BSE. Please refer to section "**Trading in units through Stock Exchange Mechanism**" under Section B '**Ongoing Offer Details**', for detailed provisions. Investors can also subscribe to the Units through the Online Transaction Portal of MF Utility at www.mfuonline.com and through the POS of MFU. The list of POS of MFU is published on the website of MFU at www.mfuindia.com as updated from time to time. For all investments it would be assumed that the investors have suitably authorized their respective brokers and are aware that their investments are subject to terms, conditions and risk factors set forth in this Scheme Information Document.

Minimum amount for purchase/redemption/switches

Scheme	Minimum Application Amount - Regular Plan / Direct Plan (New Investor)	Minimum Application Amount - Regular Plan / Direct Plan (Existing Investor)	Minimum Redemption Amount
Principal Government Securities Fund	Rs.5,000/- and any amount thereafter under each option ***Systematic Investment Plan:*** Minimum Six installments of Rs. 2,000/- each. ***Systematic Transfer Plan:*** Minimum Six installments of Rs.1,000/- each. ***Systematic Withdrawal Plan:*** Minimum Six installments of Rs.500/- each	Rs.1000/- and any amount thereafter under each option	Rs.500/- or 50 units

Minimum balance to be maintained and consequences of non maintenance	At present investor are not required to maintain minimum balance in their respective folios, however the AMC/Trustees reserves the right to change it at any future date by giving advance notice.
Cash Investments	Pursuant to SEBI Circular dated September 13, 2012 and May 22, 2014 it is permitted to accept cash transactions to the extent of Rs. 50,000/-, subject to compliance with Prevention of Money Laundering Act 2002 and rules framed there under and the SEBI circular(s) on Anti-Money Laundering (AML) and other applicable AML rules, regulations and guidelines. Provided that the limit shall be applicable per investor for investment done in a financial year across all schemes of Mutual Fund, subject to sufficient systems and procedure in place for such acceptance. However any form of re-payment either by way of redemption, dividend, etc. with respect to such cash investments shall be paid only through banking channel. The AMC is in the process of implementing adequate systems and controls to accept Cash Investments in the Scheme. Information in this regard will be provided to investors as and when the facility is made available.
Special products available/Facilities available on an ongoing basis.	The Fund reserves the right to amend or terminate or introduce special facilities in the SID. The current special facilities offered are as follows: **1) Systematic Investment Plan** Systematic Investment Plan (SIP) is available for planned and regular investments. Under SIP, unit holders can benefit by investing specified rupee amounts periodically for a continuous period. This concept is called Rupee Cost Averaging. This program allows unit holders to save a fixed amount of rupees every month/quarterly by purchasing additional units of the Scheme. **Example** Let us take an example of a unit holder who invests Rs.3000/-per month

Month	NAV	Amount (R`)	Units
April 1	10.50	3000	285.71
May 1	10.65	3000	281.69
June 1	10.05	3000	298.50
July 1	9.75	3000	307.69

August 1	9.60	3000	312.50
September 1	9.50	3000	315.79
October 1	9.25	3000	324.32
November 1	9.05	3000	331.49
December 1	8.90	3000	337.08
January 1	8.75	3000	342.86
February 1	8.50	3000	352.94
March 1	8.80	3000	340.91
TOTAL		**36000**	**3831.48**

Note: The figures of NAV are hypothetical and are for illustrative purposes only.

At the end of one year the unitholder would have 3831.48 units, at an average per unit cost of Rs. 9.40.

Rupee Cost Averaging does not guarantee a profit nor protect against a loss. Rupee Cost Averaging can smooth out the market's ups and downs and reduce the risk of investing in volatile markets.

Features of SIP:

a. SIP Applications will be accepted on any working day of the month: Accordingly the units will be allotted on the date of receipt of valid SIP Application along with a SIP investment cheque dated not beyond the date of the Application. Thereafter the date for the first SIP installment shall be 1st, 5th, 15th or 25th of a particular month ("specified dates for SIP investments") as selected by the Investor OR the nearest date amongst the Specified Date subsequent to receipt of the application, as the case may be after completing a minimum time gap of 30 days from the date of the first SIP investment cheque. E.g. If a duly completed SIP enrolment is received within the applicable cut-off timings on January 27, 2013 along with a valid cheque dated not beyond January 27, 2013, for a SIP investment of Rs. 2000/- per month (together with 5 or more post - dated cheques (PDCs) each for a minimum of Rs. 2000/-), the units will be allotted on January 27, 2013 with the scheme applicable NAV, and the next SIP date [first SIP Installment date] will be March 1, 2013 or immediately following business day if March 1, 2013 is a non-business day OR such other date amongst the Specified Dates as per the application form.

b. Investors, who wish to opt for ECS (debit clearing) facility available with select banks, should ensure that there is a minimum time gap of 30 days between the first cheque for SIP enrolment and first installment of SIP through ECS or Direct Debit. Dishonoured cheque(s) may not be presented again for collection.

c. Unit holders need not submit a copy of cancelled cheque provided the SIP Auto Debit Facility Enrolment Form is attested by the Bank from which SIP installments will be debited.

d. Unit holders have the right to discontinue the SIP facility at any time by sending a written request to any of the designated Investor Service Centers (ISCs) of Principal Mutual Fund. Please also note that notice of such discontinuation should be received at least 18 working days prior to the due date of the next SIP installment.

e. SIP enrolment will be discontinued by AMC in case [a] the SIP installment is not honored consecutively for three SIP installments [b] if any installment of a SIP transaction gets rejected due to the bank account of the Investor being closed, the SIP would be suspended for subsequent SIP transactions and registration will be cancelled for SIP through Auto

Debit / PDC/ Direct Debit / Standing Instruction (SI) [c] the Bank account [for ECS (Debit Clearing) and / or Direct Debit / Standing Instruction and / or PDCs for direct debit] is closed and the request for change in bank account / Bank Branch is not submitted by the concerned unit holder at least 15 working days before the due date of next SIP installment[d] if the Bank account is frozen for further commercial transaction by the Bank. Further, in such cases the balance cheques, if any, will be returned to the unit holder.

Micro SIP:

Pursuant to SEBI's communication to AMFI vide its letter dated June 19, 2009; AMFI has issued guidelines for uniform implementation of the said SEBI letter. In accordance to the same, Systematic Investment Plans (SIP) up to Rs.50,000/- per year per investor ('Micro SIP') shall be exempt from requirement of PAN.

However, effective January 1, 2012, new Investors registering for Micro SIP have to mandatorily submit KYC acknowledgement letter.

This exemption of PAN will be applicable ONLY to investments by individuals (including NRIs but not PIOs), Minors and Sole proprietary firms. HUFs and other categories will not be eligible for Micro SIPs. Details on Micro SIP are available in Statement of Additional Information.

Systematic Investment Plan (SIP) for Corporate Employees.

With a view to encourage employees of Corporate to invest their savings into the various Schemes of our Mutual Fund through payroll deductions, Principal Mutual Fund provides an investment facility to the employees of Corporate under the Employee Savings Plan (ESP).

This feature will be guided by the terms and conditions as laid down below:

1. Under this feature the employees can submit application vide the normal application and/or ESP Forms. The employee is required to fill the details in the normal application/ ESP form providing the details of amount and duration of such SIP installments and the details of such investment should also be provided to the Human Resources Department of such Corporate (HRD).
2. The employees should instruct the HRD to deduct the amount of Investment every month / quarter from their salary for such period as indicated by him / her. Such periodicity shall be monthly or quarterly.
3. The minimum amount and periodicity, to be contributed to open an account under this option is as per the minimum scheme requirements as prescribed under Systematic Investment Plan/additional subscription of the Scheme.
4. The periodic employee contribution should at least be equal to the minimum application amount of SIP. The employee has an option to select either 1st or 5th of every month for such investment.
5. The employee can seek redemption independently.
6. The applicable NAV for application received under such plan, will be as per the date and time (refer to section on cut off timing) on which the request / payment instrument and sheet detailing the list of Investment of such employees, is received from HRD of such Employees at the Official Points of Acceptance of AMC .

2) Systematic Transfer/Switch Plan

The unitholder may set up a Systematic Switching Plan on a daily, weekly, monthly, quarterly, semi-annual or annual basis to transfer a fixed number of

units and /or amount in one scheme to another scheme or one plan/option to another.

Once the unitholder sets up a Systematic Switching Plan the plan would continue until:

- the unitholder instructs the Fund to stop periodic switching in writing; or
- the unit holder's account balance is zero.

The unitholder has an option to select 1st, 11th or 21st day of the month on which the Systematic Switch is to be made.

If the selected date is not a business day, the switch will take place on the next business day.

In case of daily and weekly frequency, STP will take place as under:

(i) Daily – Each Business Day
(ii) Weekly – Every Monday*

* Next Business Day if Monday is a non-business day.

All switches are subject to the minimum investment and eligibility requirements of the switch in scheme

The amount subject to an exit load, if any, thus switched shall be converted into the respective scheme units at the applicable NAV, (on which date the payment/switch is scheduled), and such units will be subtracted from the unit balance of that unitholder.

Unitholders may change the amount of systematic withdrawal/switch but not below the specified minimum amount of repurchase for a particular Scheme by giving 30 days written notice to the Registrars/AMC. The various triggers for activating a systematic withdrawal and/or switch facility can also be used for activating a normal repurchase and/or switch facility.

3) Systematic Withdrawal Plan (Applicable for the Scheme which provide this facility)

A unitholder may avail of the Systematic Withdrawal Plan and receive regular payments from the account. The unitholder has an option to select 1st, 11th or 21st day of the month on which the Systematic Withdrawal is to be made.

The unitholder may set up a Systematic Withdrawal Plan on a monthly, quarterly or semi-annual or annual basis as follows:

- Redeem a fixed number of units
- Redeem a fixed amount-

Once the unitholder sets up a Systematic Withdrawal Facility the plan would continue until:

- The unitholder instructs the Fund to stop periodic withdrawal in writing; or
- The unit holder's account balance is zero
- On expiry of the time/period specified by the unitholder

Withdrawal payments will be endeavored to be sent within 3 Business Days after the repurchase date.

Unitholders may change the amount of systematic withdrawal/switch but not below the specified minimum amount of repurchase for a particular Scheme by giving 30 days written notice to the Registrars/AMC. The various triggers for activating a systematic withdrawal and/or switch facility can also be used for activating a normal repurchase and/or switch facility.

4) Switch Facility

Investors can opt to switch the units between Regular Plan & Direct Plan and Options therein, at NAV based prices. Switching will also be allowed from any select open ended Scheme managed under the Fund into either scheme existing on the date of switch or during the NFO period of the new Scheme at NAV based prices.

In the case of NRIs, FIIs etc., this will be subject to necessary approval (if any) from the Reserve Bank of India and any other approval as applicable. Tax deduction at source, if any, will be effected at the appropriate rate in case of a switch and the balance amount would be utilized to exchange units to the other Scheme.

Unitholders should note that each switch option represents the simultaneous repurchase of units from one scheme (which may result in a capital gain or loss) and the subscription of units in another scheme.

A request for switch may be specified either in terms of amount or in terms of the number of units of the scheme from which the switch is sought. Such instructions may be provided in writing by completing the switch form or using the relevant tear off section of the Transaction Slip that may be enclosed with the Account Statement and lodging the same on any business day at any of the Official Points of Acceptance. The switch will be effected by redeeming units from the scheme in which the units are held and investing the net proceeds in the other Scheme, subject to the minimum balance applicable for the respective Scheme.

The price at which the units will be switched out of the scheme / into the scheme will be based on the applicable NAV of the relevant Scheme and after considering any exit loads. The Switch request will be subject to the minimum application amount and other terms and conditions of the scheme for which the Switch request has been made.

5) TRIGGERS / ALERTS (Applicable for the Scheme which provide this facility)

Under this facility, the unit holders may opt for withdrawal and/or switch in the normal manner based on the value of investment either reaching upto or below or above/beyond a specified particular value; the capital appreciation/gains realization either equals to or becomes more/lower than a specified particular amount or percentage on happening of a particular event, on a particular date etc. (subject to applicable lock in period, if any). Alerts act as a financial planning tool for information. The unit holder may subsequently continue in the scheme or otherwise withdraw/switch. For e.g. an account may be monitored and the unit holder either informed or account redeemed (no redemption will be permitted if under lock-in) as and when the balance reaches or crosses (rise or fall) a desired value or after a certain period of time etc**.** This helps the unit holders to minimise the loss and/or book timely profits. In case of triggers linked with events/dates, on realisation of gains (equal to/beyond/lower than), a specified amount/full amount/gains/appreciation etc. would be redeemed and paid either when the investment reaches upto and/or beyond (above or below) a particular value or after a particular period of time.

In case of triggers linked with gains/appreciation, at the option of the unit holder, either the amount equivalent to gains/appreciation would be redeemed or the full original investment amount would be redeemed and the gain/appreciation component paid to the unit holder/switched into other scheme/plan, and the original investment amount would be reinvested either in the same scheme/plan or any other scheme/plan.

ACTIVATION OF TRIGGER

Unit holders shall note that NAV of a scheme is determined on close of the business day taking into consideration closing prices of the securities on the primary stock exchange *(please refer to clause on "Valuation Policy" in the SAI & "Computation of NAV" in the SID").* Intra-day prices are not considered for valuing the Scheme's portfolio. Value of the unit holder's unit balance at the end of a relevant business day based on that day's NAV and closing value of a relevant index of a stock exchange would be used as a base for activating the triggers. However all redemptions/switches/reinvestments etc. linked to triggers will always be at the applicable NAV based prices of the day on which the event occurs.

Please also note that the trigger is an additional facility provided to the unit holders to save time on completing the redemption/switch formalities on happening of a particular predetermined event. Trigger is not an assurance on part of AMC/Fund to the investor that he/she will receive a particular amount of money/appreciation and/or a percentage on redemption or will get a particular amount of capital appreciation or will minimise the loss to investor to a particular amount or percentage. Trigger is an event on happening of which the Fund will automatically redeem and/or switch the units on behalf of the investors on the date of happening of the event. In actual parlance, a trigger will activate a transaction/alert when the event selected for has reached a value greater or less than the specified particular value (trigger point).
Unit holders can opt from any one of the following event under trigger option:

1. *When value of investment of the unit holder reaches or crosses a particular value/falls to or closes below a particular value*

Eg. **Investment Value reaches or crosses** Rs**11000/-**

Trigger Activation

If investment value at NAV based price is less than Rs 11,000/-, trigger will be activated when value of the units at NAV held by unit holders rises to Rs 11000/- or more on close of any business day.

Eg. **Investment Value falls to or closes below** Rs**11000/-**

If investment value at NAV based price is more than Rs 11,000/-, trigger will be activated when value of the units at NAV held by unit holders falls to Rs 11000/- or below on close of any business day. All transactions linked with trigger will be on the basis of NAV of the business day on which value of units held by unit holders reaches or crosses or falls below Rs 11,000/-.

2. *Capital appreciation of a particular amount*

Eg. Capital appreciation by Rs **1000/-**

Trigger Activation

Trigger will be activated when value of units invested at NAV based price appreciate by Rs 1000/- or more at NAV on close of any business day. All transactions linked with trigger will be on the basis of NAV of the business day on which value of investment held by unit holders increases by at least Rs1000/-.

3. *NAV reaches or crosses a particular value*

Eg. NAV reaches or crosses Rs **11/-**

Or when NAV falls to or closes below Rs **11/-**

Trigger Activation

If NAV on the date of allotment of investment is less than Rs11/-, trigger will be activated when NAV rises to Rs11/- or more on close of any business day. If NAV on the date of allotment of investment is more than Rs11/-, trigger will be activated when NAV falls to Rs11/- or below on close of any business day. All transactions linked with trigger will be on the basis of NAV of the business day

on which NAV reaches or crosses or falls below Rs11/-.

4. *BSE Sensex reaches or crosses a particular value*

Eg. BSE Sensex reaches or crosses 16000

Or when BSE Sensex falls to or closes below 16000

Trigger Activation

If BSE Sensex on the date of allotment of investment is less than 16000, then trigger will be activated when BSE Sensex rises to 16000 or more on close of any business day. If BSE Sensex at the time of investment is more than 16000, then trigger will be activated when BSE Sensex falls to 16000 or below on close of any business day. All transactions linked with trigger will be on the basis of NAV of the business day on which close of day the BSE Sensex reaches or crosses or falls to or closes below 16000 mark.

5. *NSE Nifty reaches or crosses a particular value*

Eg. NSE Nifty reaches or crosses 5000

Or when NSE Nifty falls to or closes below 5000

Trigger Activation

If NSE Nifty on the date of allotment of investment is less than 5000, then trigger will be activated when NSE Nifty rises to 5000 or more on close of any business day. If NSE Nifty on the date of allotment of investment is more than 5000, trigger will be activated when NSE Nifty falls to 5000 or below on close of any business day. All transactions linked with trigger will be on the basis of NAV of the business day on which close of day the NSE Nifty reaches or crosses or falls below 5000 mark.

6. *On a particular day or date*

Eg. On 31/1/2013

Trigger Activation

Trigger will be activated on 31/1/2013. All transactions linked with trigger will be on the basis of NAV of 31/1/2013 or on 1/2/2013 if 31/1/2013 is not a business day.

7. *Change in the value of units (held by unit holders) at least by certain percentage*

Eg Change in Investment Value at least by (+ or — or +/-) 10%

Trigger Activation

Trigger will be activated when value of the units at NAV based price invested by unit holders rises to 10% or more at NAV on close of any business day; or Trigger will be activated when value of the units at NAV based price invested by unit holders falls by 10% or more at NAV on close of any business day; or Trigger will be activated when value of the units at NAV based price invested by unit holders either rises by 10% or more at NAV or falls by 10% or more on close of any business day.

Percentage rise or fall in value of units will be calculated on the amount invested by the unit holders.

8. *Capital appreciation of at least a certain percentage*

Eg. Capital appreciation of at least (+ or — or +/-) 10%

Trigger Activation

Trigger will be activated when value of the units at NAV based price invested by unit holders appreciate to 10% or more at NAV on close of any business day; or Trigger will be activated when value of the units at NAV based price invested by unit holders depreciates by 10% or more at NAV on close of any business day; or Trigger will be activated when value of the units at NAV based price invested by unit holders either appreciates by 10% or more at NAV or depreciates by 10% or more at NAV on close of any business day.

Difference between the value of units on close of a business day (at NAV) and

amount invested (at NAV based price) will be used as a base for calculating percentage of capital appreciation.

9. Change in the NAV at least by a certain percentage

Eg. Change in NAV at least by (+ or — or +/-) 10%

Trigger Activation

Trigger will be activated when the NAV of the units rises by 10% or more on close of any business day compared with the NAV on the date of allotment of investment; or Trigger will be activated when the NAV of the units falls by 10% or more on close of any business day compared with the NAV on the date of allotment of investment; or Trigger will be activated when the NAV of the units either rises by 10% or more or falls by 10% or more on close of any business day compared with the NAV on the date of allotment of investment

Percentage rise or fall in NAV will be calculated comparing NAV on a particular business day with the NAV on the date of allotment of investment.

10. Change in the BSE Sensex at least by a certain percentage

Eg. Change in BSE Sensex at least by (+ or — or +/-) 10%

Trigger Activation

Trigger will be activated when the BSE Sensex rises by 10% or more on close of any business day compared with the BSE Sensex on the date of allotment of investment; or Trigger will be activated when the BSE Sensex falls by 10% or more on close of any business day compared with the BSE Sensex on the date of allotment of investment; or Trigger will be activated when the BSE Sensex either rises by 10% or more or falls by 10% or more on close of any business day compared with the BSE Sensex on the date of allotment of investment.

Percentage rise or fall in BSE Sensex will be calculated comparing BSE Sensex on a particular business day with the BSE Sensex on the date of allotment of investment.

11. Change in the NSE Nifty at least by a certain percentage

Eg. Change NSE Nifty at least by (+ or — or +/-) 10%

Trigger Activation

Trigger will be activated when the NSE Nifty rises by 10% or more on close of any business day compared with the NSE Nifty on the date of allotment of investment; or Trigger will be activated when the NSE Nifty falls by 10% or more on close of any business day compared with the NSE Nifty on the date of allotment of investment; or Trigger will be activated when the NSE Nifty either rises by 10% or more or falls by 10% or more on close of any business day compared with the NSE Nifty on the date of allotment of investment.

Percentage rise or fall in NSE Nifty will be calculated comparing NSE Nifty on a particular business day with the NSE Nifty on the date of allotment of investment;

On happening of any of the above mentioned events, the Unit holder can opt for the following action on the date of happening of the relevant event;

- Full redemption
- Redemption of gains only
- Full switch into other Scheme / Option of Principal Mutual Fund
- Switch of only gains into other Scheme/Option of Principal Mutual Fund
- Full Redemption: Original investment amount reinvested in any scheme of Principal Mutual Fund and gains paid to unit holder
- Full redemption: Gains reinvested in any Scheme/Option of Principal Mutual Fund and investment amount paid to unit holder
- Redemption of certain number of units
- Redemption of certain amount

Transactions linked with the triggers will be at the applicable NAV based price

of the business day on which the event takes place. Further all the predetermined events i.e. the value of the unit balance, capital appreciation, NAV, BSE Sensex, NSE Nifty will be compared with the value of units, NAV, BSE Sensex and NSE Nifty prevailing on the date of investment (i.e. date of allotment) irrespective of the fact whether the trigger is opted on the date of allotment of investment or subsequently. For Eg. an investor has invested at Rs.11/- and opted for full redemption if NAV appreciates at least by 10%. Trigger will be activated on the business day when NAV moves to Rs12.10 (i.e. 10% more than Rs.11/-) or more.

Triggers(s) linked to BSE Sensex or NSE Nifty will always compare the value of BSE Sensex or NSE Nifty on close of business day. In case BSE or NSE is open on a non-business day, its value will not be considered even if it reaches or crosses a trigger value, and on any subsequent business day if the value of BSE or NSE is reached, the same would be considered for trigger purposes. For Eg. A unit holder has opted for full redemption if NSE Nifty reaches or crosses 5000 mark. If NSE is open on January 1, 2013, but it is not a business day for the Fund, trigger will not be activated (i.e. redemption will not take place) even though closing value of Nifty as on January 1, 2013, is 5000 or more.

The closing value of BSE Sensex/NSE Nifty on non-business day will be ignored for trigger activation. A trigger once activated will not be reactivated in any other scheme where the switch/reinvestment happens or in the same scheme which retains part of the value or in case of normal redemption/switch before trigger activation. Triggers will be deactivated on redemption and/or switch and/or pledge of units except in case where only gains are to be redeemed or switched and opted for the same in the trigger form.

6) Future Goal Series

The Future Goals Series is a carefully structured suite of Scheme designed to meet a wide range of investment needs. Not only do unit holders have a comprehensive choice of schemes(s) and plans within these Scheme, but also it is easier for unit holders to move between Scheme as their needs change. Initially four schemes namely Principal Growth Fund (open ended equity scheme), Principal Income Fund (open ended income scheme), Principal Balanced Fund (open ended balanced scheme) and Principal Cash Management Fund (open ended liquid scheme) were launched as part of Future Goals Series. Subsequently Principal Index Fund - Nifty (open ended index scheme), Principal Government Securities Fund (open ended dedicated Government Securities scheme investing in government securities), Principal Debt Savings Fund(open ended income fund), Principal Debt Opportunities Fund (open ended debt scheme), Principal Dividend Yield Fund (open ended equity scheme), Principal Global Opportunities Fund (Open-ended fund of funds scheme), Principal Large Cap Fund (Open - ended equity scheme), Principal Bank CD Fund (open ended debt scheme), Principal Retail Money Manager Fund (open ended Debt scheme), Principal Emerging Bluechip Fund (Open - ended equity scheme) and Principal Smart Equity Fund (open ended equity scheme) launched by Principal Mutual Fund have been included as a part of Future Goal Series.

ASSET ALLOCATION – THE CONCEPT EXPLAINED

The investor has an option to invest in two or more of the eligible Scheme under the Asset Allocation Programme to allocate his investment across different asset classes at the time of investment. The allocation would differ for different investor classes at different stages of their lifecycle – for example a young investor may typically invest more in higher return – higher risk assets like equities. Each investment type has a different level of risk and potential

return associated with it. One way of reducing risk over short periods of time is to spread/allocate the investment into different investment types i.e. asset allocation between different asset classes i.e. different Scheme.

Different investment types tend to experience good performance at different times. By not having all the investment in one asset class, a unitholder can offset the higher returns expected in one investment to offset any poor performance that may occur from another asset class. A diversified programme such as The Future Goals Asset Allocation Programme attempts to overcome the inherent volatility of any particular investment types and will typically enable the unitholder to invest across equity, fixed income products and short-term money market/cash products.

Asset Allocation takes diversification one step further. It seeks to find what proportions of equity and debt investments would provide optimum return for a certain level of risk. While asset allocation cannot guarantee a profit, it is a way for most unitholders to increase potential returns and reduce risk.

The asset allocation programme works on the following principles:

- Allocation of investment to different asset classes by the unitholder at the time of investment

- Rebalancing the portfolio at periodic intervals by the AMC to maintain the stated proportion in the same applicable ratio as stated by the unitholder at the time of original investment unless changed.

The rebalancing mechanism at periodic intervals would ensure that if there are changes in the market value of assets under a certain class causing the proportion of investment in that asset class to increase/decrease from the originally stated allocation, on the rebalancing date, the AMC would add/ reduce assets in that class. Therefore, on all rebalancing dates, the asset proportion ratio would match those indicated by the unitholder at the time of original investment.

Example:
The concept of asset allocation is further clarified through an illustrative example. Investor A invests Rs.1,00,000/- in the following proportion on January 1, 2013 and the reallocation date is on a half yearly basis:

January 1, 2013

	Proportion	**NAV per Unit**	**No. of Units**	**Amount (**Rs.**)**
Growth Fund	50%	10	5000	50000
Income Fund	30%	10	3000	30000
Balanced	10%	10	1000	10000
MIP Fund	10%	10	1000	10000
Total	100%		10000	100000

In the period between the date on which the investment is made and the date of rebalancing i.e. September 30, 2013 the markets react and the values of the Investments of Investor A are valued as follows:

Reallocation date (before reallocation)

	Proportion	NAV per unit	No. of Units	Amount (Rs.)
Growth Fund	57%	15	5000	75000
Income Fund	27%	12	3000	36000
Balanced	8%	11	1000	11000
MIP Fund	8%	11	1000	11000
Total	100%		10000	133000

The unitholders' assets will then be rebalanced i.e. assets in some Scheme will be bought by the sales proceeds of other Scheme by way of inter scheme switch, to bring the total investment of the unitholder back to the originally nominated ratio:

Reallocation date (after reallocation)

	Proportion	NAV per unit	No. of Units	Amount (Rs.)
Growth Fund	50%	15	4,434	66,502
Income Fund	30%	12	3,325	39,900
Balanced	10%	11	1,209	13,299
MIP Fund	10%	11	1,209	13,299
Total	100%		10,177	133000

*Units rounded off to whole numbers

The features of Future Goals - Asset Allocation Programme are as explained below:

Minimum Number of Schemes in which the Unitholder must Invest:

Under the asset allocation programme, a unitholder must invest in and remain invested in at least two Scheme. At the discretion of the AMC it may introduce further schemes into the Future Goals - Asset Allocation Programme at a later date or may increase the minimum number of Scheme that the unitholder should invest in.

Investment Ratio:

The unitholder must at the time of investment indicate the investment ratio that he/she wishes to opt for. This would mean that the unitholder must mark the percentage of the total investment that he/she would like to invest in each of the Scheme.

Example:

Mr. X, age 45 is a unitholder who wishes to have a regular income stream but also some possible upside. His choice may be as below:

Growth	Income	Balanced	MIP	Total
25%	50%	15%	10%	100%

Ms. Y, age 30 is a unitholder who is willing to take a larger risk but would like to have a high return that is also tax efficient. Her choice may be as follows:

Growth	Income	Balanced	MIP	Total
60%	8%	30%	2%	100%

Every unitholder must at the time of investment provide details about the investment ratio that he/she wishes to follow.

At any time (subject to 4 times in a Calendar year) during the investment period as stated in the "switching clause" the unitholder may change / alter the investment ratio keeping the total at 100%. The unitholder may switch or simply instruct the new scheme wise percentage to the AMC for altering the investment ratio. The Investment Manager would also be designing model portfolios representing different Scheme of the Fund, containing debt and equity, and therefore the models would vary in their degree of return potential. The unitholder may select a model that matches his risk tolerance with his need for the income and growth potential. The unitholder must send any change in investment ratio duly signed in writing to the Fund. It will be the endeavour of the AMC to process the change in investment ratio as soon as possible. The maximum time that the AMC will take (under normal circumstances) to change the investment ratio of the unitholder is 3 Business Days.

Minimum Investment Amount

The minimum investment amount for participating in the Future Goals - Asset Allocation Programme is Rs.10,000/- and in multiples of Rs 1/- with subsequent investment of Rs. 1000/- and in multiples of Rs. 1/- thereafter. The minimum initial investment requirement for each Scheme would be waived. The AMC reserves the right to reduce or increase this amount at any time or for any group of investors.

Switching and Loads

The unitholder is allowed **four switches** (or as may be decided by the AMC) per calendar year between the various Schemes under the Future Goals - Asset Allocation Programme or between various plans within the same Schemes of the programme so as to enable him change the investment direction i.e. the asset proportion ratio. The exit load payable on switch/leaving Scheme (a) will be waived unless the unitholder chooses to withdraw his investment from a minimum of two or more Schemes or otherwise under/from the Programme of the Fund. Any switch would thus have the effect of changing the investment ratio.

Initial / Additional Sales

The unitholder can at any time subscribe to the units of the Scheme under the programme either for the first time or otherwise. If the subscription in Future Goal Series programme is subsequent to the initial investment in the same, then the unit holder has to specify the investment ratio (between two or more Scheme or for a particular Scheme) The subscription would be at applicable NAV based price. If no investment ratio is stated then, the original asset ratio would be used. Any subscription would thus have the effect of changing the investment ratio till the time Automatic Re-balancing is done at the original asset ratio.

Repurchase and Load

The unitholder can at any time seek repurchase / redemption of units of the

Scheme under the program either in full or in part for a particular Scheme or Scheme. The unitholder can also seek repurchase / redemption of that quantity/amount so as to maintain the same investment ratio. The redemption would be at applicable NAV based price (with applicable loads). Any repurchase would thus have the effect of changing the investment ratio till the time Automatic Re-balancing is done at the original asset ratio. Systematic withdrawals can be set up on a monthly, quarterly, semi-annually or annual basis. Withdrawals are drawn from the portfolio in percentages which equate to the percentage of each Scheme held in the portfolio, unless requested otherwise.

Automatic Re-balancing

Based on the conditions and performance of different Scheme in which the Unitholder has invested and also if he has done any fresh subscription and /or redemption, the proportion/percentage of his investment in different Scheme may change between two dates leading to Automatic Re-balancing at the half yearly intervals.

The AMC would at the end of each calendar half year, i.e., on June 30 and December 31 (immediate next business day in case these days are holidays) of each year or any other date as may be deemed fit and necessary by the AMC for the benefit of unitholders taking into account the market conditions, etc., automatically re-balance the investments of the unitholder in the proportion as stated by the unitholder at the time of original investment, unless changed (maximum upto 4 times in a calendar year) by the unitholder in writing. In alternative to the above, at the choice of the unitholder, rebalancing can be done at prefixed intervals i.e. quarterly, semiannually, annually or by request or any such period as the AMC may permit on specific request of the unitholder. Besides the unitholder also has the option to select the date on which the re-balancing is desired. If no date is selected the regular re-balancing would then be done at a date which would fall after the interval selected from the date of allotment of units. For example, if the period selected by the unitholder is quarterly and his date of allotment is say October 31, 2012, then the re-balancing would be done (if no date is selected) after 90 days on the 91st day from October 31st, 2012 i.e. January 29, 2013. If the period & date is not provided, automatic rebalancing will be completed on 30th day of June & 31st day of December, or the following business day if 30th June & 31st December is not a business day. The unitholder can also request no re-balancing of his investments. The re-balancing would be by way of switch between Schemes which may have tax consequences. Automatic Re-balancing assures that the risk/ return mix is within investor's comfort zone.

7) TRANSACTION THROUGH STOCK EXCHANGE MECHANISM

The Scheme [except Direct Plan and Sweep facility under Dividend Option of Regular Plan] has been admitted on the order routing platform of NSE and BSE, enabling investors to submit applications for subscription and redemption there under.

The salient features of this facility are as follows:

1. Purchase/redemption of units will be available to both existing and new investors. Currently switching of units, Systematic Investment Plan, Systematic Transfer Plan, Systematic Withdrawal Plan will not be permitted through this facility. However, transactions through Systematic Investment Plan is available only through the BSE StAR MF Platform

2. The list of eligible schemes is subject to change from time to time.

3. In order to facilitate transactions through stock exchange infrastructure, NSE

& BSE has introduced Mutual Fund Service System (MFSS) and BSE StAR MF Platform respectively. All trading members of NSE & BSE registered as Participants with NSE & BSE [Eligible Brokers] and/or registered Clearing Members of National Securities Clearing Corporation Limited (NSCCL) and Indian Clearing Corporation Limited (ICCL) [Clearing Members] who are registered with AMFI as mutual fund advisors and who are empanelled with Principal Pnb Asset Management Company Pvt. Ltd. (AMC) will be eligible to offer this facility to the investors. Further, Depository Participant(s) of Depositories are eligible for processing redemption transactions. Condition stipulated in SEBI Circular No. SEBI/IMD/CIR NO.11/183204/2009 dated November 13, 2009 for stock brokers viz. AMFI/NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund, shall be applicable for such clearing members and Depository participants as well.

Eligible investors who are willing to transact under this facility are required to register themselves with Eligible Broker/Clearing Members/Depository Participants.

4. The units of eligible schemes are not listed on NSE & BSEand the same cannot be traded on stock exchange like shares. The window for purchase/ redemption of units on NSE/BSE will be available between 9.00 a.m. to 3.00 p.m. or such other timings as may be decided.

5. All Eligible Brokers/Clearing Members/Depository Participants will be considered as the Official Point of Acceptance for the transactions done under this facility.

6. Investors have an option to hold units in physical form or in dematerialized form.

7. International Security Identification Number (ISIN) in respect of plans/options of the eligible schemes have been created and admitted in National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

9. Investors will be able to purchase/redeem units in the eligible schemes in the following manner:

I. Physical Form:

(a) Investors desirous of transacting (subscription/redemption) through NSE/BSE should approach an Eligible Broker along with duly filled in application form and other documents (including KYC and PAN) as may be required. The payment for subscription should be made to the eligible broker/clearing member.

(b) Dispatch of accounts statements and payment of redemption proceeds will be made by the Mutual Fund / registrar directly to the investor. Based on the information provided by the investor the redemption payout shall be to the investor's bank account registered with the Mutual Fund.

(c) In case of a subscription transaction, the allotment of units will be on 'Provisional' basis till the time AMC/Karvy Computershare Pvt. Ltd. (registrar) has received all the required documents from the eligible brokers/clearing members. Any application for redemption of units so allotted on provisional basis will be rejected.

(d) In case investor desires to convert the existing physical units into dematerialize form, the request for the same will have to be submitted to the Depository Participant.

II. Dematerialized Form:

(i) Eligible investors having a beneficiary account with a Depository Participant may avail the facility to subscribe units in dematerialize form.

(ii) Eligible investor desirous in transacting (Subscription / redemption) through NSE/BSE should place an order with Eligible Broker/Clearing Member/Depository Participant:-

(a) **In case of subscription,** the payment of subscription money should be made to the Eligible Broker / Clearing Member. Investors shall receive units through Eligible Broker / Clearing Member's pool account. Principal Mutual Fund (PMF) / Principal Pnb Asset Management Company Private Limited (PAMC) would credit the units to Eligible Broker / Clearing Member's pool account and the Eligible Broker/Clearing member in turn to the respective investor.

(b) **In case of redemption,** investors shall receive redemption amount through Eligible Broker / Clearing Member's /Depository Participant's pool account. Payment of redemption proceeds will be made by PMF / PAMC to the Eligible Broker / Clearing Member /Depository Participant and the Eligible Broker / Clearing Member/Depository Participant in turn to the respective Investor.

Payment of redemption proceeds to the Eligible Broker/Clearing Members/Depository Participant by PMF / PAMC shall discharge PMF / PAMC of its obligation of payment to individual investor. Similarly, in case of subscription, crediting units into Eligible Broker/Clearing Member pool account shall discharge PMF / PAMC of its obligation to allot units to individual investor.

9. Transaction through Mutual Fund distributor:
   a) Mutual fund Distributor (hereinafter referred as 'distributor') registered with Association of Mutual Funds in India (AMFI) and empaneled with the AMC, and permitted by the concerned recognized stock exchanges shall be eligible to use recognized stock exchanges' infrastructure to purchase and redeem mutual fund units on behalf of their clients, directly from PMF/ AMC.
   b) The distributor shall not handle payout and pay in of funds as well as units on behalf of investor. Pay in will be directly received by recognized clearing corporation and payout will be directly made to investor account. Similarly, units shall be credited and debited directly from the demat account of investors, where units are held in the dematerialized mode.
   c) Non-demat transactions are also permitted through stock exchange platform, as and when they are made available by the recognized stock exchanges.

10. Applications for purchase/redemption of units which are incomplete / invalid are liable to be rejected.

11. For any complaints or grievances against the Eligible Broker / Clearing Member / Depository Participant with respect to transactions done through NSE/BSE, the investor should either contact the concerned Eligible Broker / Clearing Member/Depository Participant or Investor Grievance Cell of respective stock exchanges. In case of non-financial request/applications such as change in address, change in bank details etc. the investors should approach Investors Service Centers of Principal Mutual Fund if units are held in physical mode and the respective Depository Participant if the units are held in dematerialized mode.

12. Investors will have to comply with KYC norms as prescribed by

	NSE/BSE/CDSL/NSDL and Principal Mutual Fund from time to time. 13. In case of unitholders holding units in dematerialized mode, the fund will not send the account statement to the unitholders. The statement provided by the Depository Participant will equivalent to the account statement for the purpose of adequate compliance with the regulatory requirements applicable on the Fund's part. 14. The applicability of NAV will be subject to guidelines issued by SEBI on uniform cut-off timings for applicability of NAV for Mutual Funds Scheme /plan(s).). The date of acceptance will be reckoned as per the date & time, The transaction is entered in Stock exchanges infrastructure for which a system generated confirmation slip will be issued to the investor. 15. This facility shall be subject to the terms and conditions specified and guidelines issued by SEBI/AMFI/NSE/BSE from time to time. 16. AMC reserves the right to change / modify or discontinue this facility at any time in future. **(8) SMS BASED TRANSACTION** Investors can transact in schemes of Principal Mutual Fund through SMS. In order to avail this facility, the Unitholder(s) should submit SMS transaction registration form along with NACH registration form at the nearest Official Points of Acceptance of Principal Mutual Fund. Investors can send a transaction SMS only through the registered mobile number with the predefined keywords only (available on www.principalindia.com). The terms and conditions for registering for this facility has been detailed in the SMS transaction – Registration Form. The Trustee/Asset Management Company of PMF reserves the right to modify or discontinue any of these facilities at any time in future on a prospective basis.
Accounts Statements	Pursuant to Regultion 36 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto read with SEBI Circular No. Cir/ IMD/ DF/16/ 2011 dated September 8, 2011, Investor whose transaction has been accepted by the Fund, shall receive the following for the units held in non-demat form :- (i) On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted will be sent by way of an email and/or SMS within 5 Business Days from the date of receipt of transaction request to the Unit holders' registered e-mail address and/or mobile number. (ii) A ^Consolidated Account Statement (CAS) for each calendar month shall be sent to the Unit holder(s) in whose folio(s) **transaction (s) has/have taken place during the month on or before 10th of the succeeding month vide e-mail (where e-mail id has been provided)/physical copy (where e-mail id has not been provided). (iii) For the purpose of sending CAS, common investors across Mutual Funds shall be identified by their Permanent Account Number(PAN). (iv) In case of specific request received from the Unitholders, the AMC/PMF will provide the account statement for the Investors within 5 Business days from the receipt of such request. (v) In case of Folio(s) having more than one registered Unitholder, the first named Unitholder shall receive the CAS/Account Statement. (vi) The CAS shall not be sent to such Unit holders where the PAN details are not updated /provided in the folio(s). **For the units held in Demat form: Securities Common Account Statement:** **MONTHLY SCAS**: A single Securities Consolidated Account Statement ('SCAS')^ for each

calendar month to the Unit holder(s) who are holding a demat account ('Beneficial Owner(s)') in whose folio(s) transaction(s) has/have taken place during the month on or before 10th of the succeeding month shall be sent by mail/e-mail.

^Securities Consolidated Account Statement ('SCAS') shall contain details relating to all the transaction(s)** carried out by the Beneficial Owner(s) (including transaction charges paid to the distributor) across all schemes of all mutual funds and transactions in securities held in dematerialized form across demat accounts, during the month and holdings at the end of the month.

**transaction(s) shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal advantage plan, systematic transfer plan, bonus transactions, etc.
For the purpose of sending SCAS, common investor(s) across mutual funds and the database of Depositories shall be identified based on the Permanent Account Number (PAN). In case of multiple holding, identification shall be based on the PAN of the first holder and the pattern of holding.
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. The SCAS shall not be received by the Unit holder(s) for the folio(s) not updated with PAN and/or KYC details. The Unit holder(s) are therefore requested to ensure that the folio(s) are updated with their PAN/KYC. Where PAN is not available, the account statement shall be sent to the Unit holder by the AMC.
In case of a specific request received from the Unit holder(s), the AMC/Fund will provide an account statement (reflecting transactions of the Fund) to the Unit holder(s) within 5 Business Days from the receipt of such request. In case an investor does not wish to receive SCAS, an option shall be given by the Depository to indicate negative consent. Investor(s) having multiple demat accounts across the Depositories shall have an option to choose the Depository through which the SCAS will be received.

Half Yearly Account Statement:
SCAS:
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.

In case of demat accounts with NIL balance and no transactions in mutual fund folios and in securities, the depository shall send physical statement to investor(s) in terms of regulations applicable to Depositories. Investors who are not eligible for receiving SCAS shall continue to receive a monthly account statement from the AMC

CAS:
^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 day of succeeding month, to all such Unit holders in whose folios no transactions** 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.

	^ Consolidated Account Statement (CAS) shall contain 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 including transaction charges paid to the distributor. ** 'Transaction' shall include Purchase, Redemption, Switch, Dividend Payout, Dividend Reinvestment, Systematic Investment Plan, Systematic Withdrawal Plan and Systematic Transfer Plan. **Account Statement** The Account Statement shall not be construed as a proof of title and is only a computer-printed statement indicating the details of transactions under the scheme and is a non-transferable document. The Account Statement shall normally be dispatched within three business days on an ongoing basis. **Common Account Number:** As a investor friendly measure, (if so desired by the investor), one Common Account Number will be assigned for one entity/investor investing in different schemes of the Fund. In such a case, one consolidated account statement will be provided. Once set up as per the request made by the investor, the AMC reserves the right to assign the existing Common Account Number against multiple applications and/or subsequent purchases under a new application form by an existing unit holder, with identical mode of holding and address **Unit Certificates** Normally no unit certificates will be issued under the Scheme. However, if the unit holder so desires, the AMC shall issue a non-transferable unit certificate to the unit holder within 5 business days of the receipt of request for the certificate. The cost of stamp duty paid for issuing the unit certificate will form part of the annual on-going expenses and/or may be recovered from the unit holder. **Account/Folio Number** Each unit holder will have an account/folio number. The number of units allotted to a unit holder or repurchased by a unit holder will be reflected in his or her account and a statement/advice to this effect will be issued to the unit holder. **Rematerialisation of Demat Units** The unitholders who converted their units in demat mode may also rematerialize their units. The request for rematerialising the demat Units may be given to the respective Depository Participant (DP) of the investor. On receiving the confirmation of Remat Units balance, account statement for the physical Units shall be issued. The same number of Units held in the demat mode shall be continued in the physical mode. Rematerialisation of demat Units shall be processed within thirty days or such other days as may be stipulated under SEBI Regulations from the date of receipt of such a request, provided it is complete and valid in all respects.
Dividend	The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend. Efforts are being made to directly credit the dividend to the Unitholders account.

Dividend Policy

Following is the frequency and the record date for dividend declaration under the Scheme:

Name of the Scheme	Plans/Option/Frequency	Record Date*
Principal Government Securities Fund	Regular Plan –Dividend Option-Quarterly and Annual Direct Plan – Dividend Option-Quarterly and Annual	**Quarterly:** 24th day of the third month of each quarter ending March, June, September and December **Annual^:**24th September

* When the Record Date falls on a non- business day, the immediately preceding business day shall be the Record Date.

^ Or such other date at the discretion of the Trustees. The Trustee, in its sole discretion, may also declare interim dividends.

Quantum of Dividend

When frequency of dividend is predetermined

1. In case of Quarterly/Annual Dividend, Entire distributable surplus as available 7 days prior to the Record Date, to the extent of increase in Net Asset Value 7 days prior to the Record Date over the Net Asset Value on the previous record date (Ex NAV).

when frequency of dividend is not predetermined

1. Dividends in all Schemes/Plans/Options in which there is no pre-determined frequency for distribution of dividends, dividend distribution shall be done with the approval from the Board of Trustees and publishing the Notice declaring the date & amount of dividend as per SEBI Regulations.

The requirement of giving notice shall not be applicable for Dividend Options having frequency upto one month.

Distribution of dividend is subject to availability and adequacy of distributable surplus and approval of the Trustees.

Only those unit holders whose names appear in the register of unit holders as on the record date will be entitled for dividend . This date will be fixed by the AMC/Trustees appropriately.

The dividend warrants and/or fresh Account Statement shall be dispatched / credited to the unit holders within 30 days or such stipulated period of the declaration of dividend. In the event of failure to dispatch dividend within the stipulated 30 day period, the AMC shall be liable to pay interest @15 per cent per annum to the unit holder(s).

Dividends will be paid net of taxes as may be applicable and payments will be in favour of the Unit holder's registered name or, if there is more than one registered holder, of the first named registered holder on the folio. The Trustees may not declare a dividend at all in the event of inadequacy of distributable income. There is no assurance or guarantee to unit holders as to the periodicity of dividend and rate of dividends distribution.

	All dividend declarations shall be available only to the Unit holders who hold units at the time of its/their declaration. Since distribution of dividend and shall be paid from the distributable surplus, the NAV of the Scheme shall be adjusted to the extent of dividend paid and. AMC reserves the right to include/remove/modify the frequency for declaration of dividend as may be deemed appropriate, subject to relevant provisions of SEBI regulations.
Redemption	**Repurchase/Redemption Procedure** The units of the Scheme can be repurchased (sold back to the Fund) on any business day. The repurchase request can be made on Application Form/Common Transaction Form or by using the relevant tear off section of the Transaction Slip that may be enclosed with the Account Statement, which should be submitted at any of the Official Point of Acceptance. Where the date of redemption is a non - business day, the deemed date for such redemption will be the next business day. In case the units are standing in the names of more than one unitholder, where mode of holding is specified as "jointly", repurchase requests will have to be signed by all the joint holders. However, in cases of holding specified as 'either/anyone or survivor', any one of the joint holders (in case of either/anyone or survivor) will have the power to make repurchase request. However, in all cases, the repurchase proceeds will be paid to the sole/first named holder only. In case a unitholder has subscribed to units on more than one Business Day, the units subscribed to prior in time (that is those units which have been held for the longest period of time), will be deemed to have been repurchased first, that is on a First -In -First-Out basis. However, a unitholder may request the Fund to repurchase units subscribed by him/her at different dates, by indicating the specific date of subscription of the units, which is offered for repurchase. The repurchase would be permitted to the extent of credit balance in the unitholder's account. The repurchase request can be made by specifying the Rupee amount or by specifying the number of units to be repurchased. If a repurchase request is for both a specified Rupee amount and a specified number of units, the specified rupee amount will be considered the definitive request. If only the repurchase amount is specified by the unit holder, the AMC will divide the repurchase amount so specified by the applicable NAV based price to arrive at the number of units. The request for repurchase of units could also be in fractions, up to three decimal places. If the number of Units held by the Investor as per the records maintained by AMC and/or the Registrar is less than the number of Units requested to be redeemed then all the Units held by the Unit holder in such folio / Scheme / plan for which application for Redemption is made, shall be redeemed. Provided that, where redeem 'all' is specified in the request, all Unit holdings in that Scheme shall be redeemed. The AMC reserves the right to change the minimum repurchase amount on a prospective basis subject to SEBI Regulations. Unit holders may also request for repurchase of their entire holding and close the account by indicating the same at the appropriate place in the Transaction Slip/Repurchase form. In case if the date of redemption is a non-business day, the deemed date will be the next business day

Repurchase Price

The repurchase price will be calculated using the following formula:
Repurchase Price = Applicable NAV*(1 – Exit Load, if any).
Example for calculation of Repurchase Price
If the Applicable NAV is Rs. 11.25 and a 1.00% exit load is charged the repurchase price will be calculated
as follows:
Repurchase Price = Rs. 11.25 x (1-1.00% of Rs. 11.25)
= Rs. 11.25 – Rs. 0.1125
= Rs. 11.1375 per unit
The repurchase price shall not be lower than 93% of the NAV.

The AMC reserves the right to modify the exit load. However, any such modification in the exit load structure shall be only on a prospective basis. The unit holder is requested to confirm the applicable exit load at the time of investment from the AMC/OPT.

Repurchase by NRI's/FIIs

Repurchase of unit balances in the account of an NRI/FII will be subject to any procedures laid down by the RBI. Such repurchase proceeds will be paid by means of a rupee cheque payable to the designated NRE/ NRO account of the unit holder and subject to RBI procedures and approvals and subject to deduction of tax at source, as applicable. All bank charges in connection with such payment will have to be borne by the unit holder and/or the Scheme by way of ongoing expenses.

Payment of Repurchase Proceeds

The time limit set for dispatch of repurchase proceeds will be from the Business Day when the request is accepted at the Official Point of Acceptance. As per the SEBI Regulations, the Fund shall mail the repurchase proceeds within ten Business Days from the date of acceptance of valid request at any of the Official Point of Acceptance, in case of a repurchase request being sent by post.

In the event of failure to dispatch the repurchase or repurchase proceeds within the statutory period specified above as per the SEBI Regulations, the AMC shall be liable to pay interest to the unit holders at such rate (currently 15% per annum) as may be specified by SEBI for the period of such delay.

The payment of redemption proceeds and/or dividend amount may also be released through NEFT / RTGS facility in addition to other options available for releasing the payment

Electronic Credit Clearing Services (ECS) Identified Banks

ECS is a facility offered by RBI for facilitating better customer service by direct credit of dividend or repurchase amount to a unit holder's bank account through electronic credit. This helps in avoiding loss of dividend or repurchases warrant in transit or fraudulent encashment. The Fund will endeavour to arrange such facility for payment of dividend/repurchase proceeds to the unit holders. However, this facility is optional for the unit holders. Repurchase proceeds may be released through the ECS facility to unit holders residing in any of the cities where such a facility is available. In order to avail the above facility, the unit holder will have to give a written request to the Registrar. If the unit holder has opted for the ECS facility, his/her bank branch will directly

credit the amount due to them in their account whenever the payment is through ECS. The Registrar will send a separate advice to the unit holder informing them of the direct credit. It may be noted that there is no commitment from the Fund that this facility will be made available to the unit holders for payment of dividend/repurchase proceeds. While the Fund will endeavour in arranging the facility, it will be dependent on various factors including sufficient demand for the facility from unit holders at any centre, as required by the authorities. In places where such a facility is not available or if the facility is discontinued by the Fund for any reason the repurchase warrants will be mailed to the unit holder.

Unitholder's Bank Account Details

Unitholders on a mandatory basis are required to mention their bank account details in their applications/ requests for redemption. Redemption Cheques and/or any other instruments will then be made out in favour of the "Investor Name, Bank Name, Account Number, << >>" for crediting the respective unit holder's account so specified.

In case of those investors who have not provided their bank account details at the time of investment or thereafter, the redemption applications are liable to be rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/loss in transit.

Further, in accordance with AMFI communication no. 135/BP/26/11-12 dated March 21, 2012, following process vis-à-vis change in bank mandate is being followed effective May 1, 2012 (effective date) -

I. Change in Bank Mandate

1. Updation of Bank Account in Customer's Folio shall be either through "Multiple Bank Account Registration Form" or a standalone separate "Change of Bank Mandate Form";
2. In case of standalone change of bank details, documents as entailed below should be submitted as a proof of new bank account details. Based on PAMC's internal risk assessment, PAMC may also consider collecting proof of old bank account and proof of identity of the clients, while effecting the change of bank account;
3. Customers are advised to register multiple bank accounts and choose any of such registered bank accounts for receipt of redemption proceeds;
4. Any unregistered bank account or new bank account forming part of redemption request shall not be entertained or processed;
5. Such Investors, who have not already provided bank mandate at the time of making investment, are required to submit proof of new bank account details as entailed here below. Such Investors are also required to submit valid Proof of Identity as prescribed under KYC guidelines along with Proof of Investment; and
6. Any change of Bank Mandate request received/processed few days prior to submission of a redemption request or on the same day as a standalone change request, PAMC will continue to follow cooling period of 10 calendar days for validation of the same.

Investors are required to submit any one of the following documents in Original or produce originals for verification or copy attested by the Bank –

New Bank Account Registration

- Cancelled original cheque of new bank mandate with first unitholder name and bank account number printed on the face of the cheque; OR
- Self - attested copy of bank statement; OR

	- Bank Passbook with current entries not older than 3 months; OR - Letter from the bank on its letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager/authorised personnel. AND Proof of Identity as prescribed under KYC guidelines along with Proof of Investment - only for such investors who have not registered their bank mandate at the time of making investment. **Change in Existing Bank Mandate** - Cancelled original cheque with first unitholder name and bank account number printed on the face of the cheque; OR - Original bank account statement or pass book; OR - Original letter issued by the Bank on the letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager; OR - In case such Bank account is already closed, a duly signed and stamped original letter from such bank on the letter head of bank, confirming the closure of said account. **Closure of Unitholder's Account** Unitholders may note that the AMC at its sole discretion may close a unitholder's account after giving notice of 45 days, if at the time of any part repurchase, the value of units (represented by the units in the unitholder's account if such repurchase were to take place, valued at the applicable NAV related price), falls below the minimum investment/balance required for each scheme (or such other amount as the AMC may decide from time to time) or where the units are held by a unitholder in breach of any Regulation.
Restriction on Third Party Payments for subscription of Mutual Fund Units and Registration of Multiple Bank Accounts	**Third Party Payments for subscription of Units** Applications for subscription in Schemes of Principal Mutual Fund shall not be accepted when accompanied with *Third Party payments, except in the following 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 Rs.50,000/- (each regular purchase or per SIP installment). However, this limit of Rs.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 Plan(s) OR lumpsum/one time subscription, through Payroll deductions or deductions out of expense reimbursements,; • Custodian on behalf of FII or a client; and • 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. • 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 lumpsum/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 stated above, following 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 (Guardian in case of Minor) 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(s). (Declaration Format shall be available at any of our Investor Service Centre or on www.principalindia.com)

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). Investor shall also have the facility to register multiple bank accounts as detailed in the section below on "Multiple Bank Accounts". Only Pay-in from such registered bank accounts shall be treated as First party payments.

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

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

a) **Pay Order, Demand Draft, 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 and name of the Investor as on account holder are available OR copy of pass book/bank statement evidencing the debit for issuance of a DD, shall also be accepted by the Mutual Fund.

b) **Pay Order, Demand Draft, Banker's Cheque and the like issued against cash by the Bank [for an investment amount less than Rs.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 such instance, 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 "XYZ Scheme A/c. First Investor Name" OR "XYZ Scheme A/c. Permanent Account Number" OR "XYZ Scheme A/c. Folio Number".

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 and the same shall be in accordance with the procedure as stated in the section titled "change in bank mandate".

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 in case of Change of Bank Account along with Redemption application submitted by the Investor, the redemption proceeds shall be credited to the said bank account only if it is a registered bank account in the records of R&T. However, if the new bank account is not one of the registered bank accounts, the redemption proceeds shall be credited to such new bank account post completion of the cooling off period as prescribed by AMFI and within regulatory prescribed timelines.
Delay in payment of redemption / repurchase proceeds	The Asset Management Company shall be liable to pay interest to the unitholders at such rate as repurchase proceeds may be specified by SEBI for the period of such delay (presently @ 15% per annum).
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	Presently the AMC does not intend to reissue the repurchased units. The trustee reserves the right to reissue the repurchased units at a later date after issuing adequate public notices and taking approvals, if any, from SEBI.
Restrictions, if any, on the right to freely retain or dispose of units being offered.	**RIGHT TO LIMIT REPURCHASES** The AMC may, in the general interest of the unitholders of the Scheme, keeping in view the unforeseen circumstances/unsure conditions, limit the total number of units which may be repurchased on any Business Day to 15% of the total number of units of the Scheme (or such higher percentage as the AMC may decide in any particular case). Any units which by virtue of these limitations are not repurchased on a particular Business Day will be carried forward for repurchase to the next Business Day, in order of receipt. Repurchases so carried forward will be priced on the basis of the Repurchase Price of the Business Day on which repurchase is made. Under such circumstances, to the extent multiple repurchase requests are received at the same time on a single Business Day, repurchase will be made on pro-rata basis, based on the size of each repurchase request, the balance amount being carried forward for repurchase to the next Business Day(s). **POSSIBLE DEFERRAL OF REDEMPTION/ REPURCHASE REQUESTS** Whilst every effort will be made to ensure that the Scheme will have sufficient liquidity to enable the repurchase cheques to be collected/dispatched within the deadline stated in the foregoing clause, unitholders should note that where the Scheme is obliged to arrange for the disposal of the underlying securities/borrow, in order to satisfy redemption/repurchase requests, unitholders may experience some delays in receiving repurchase cheques, reflecting the time involved in settling the underlying sales of securities/borrowing. However in any case, the Fund will ensure that the collection/dispatch of repurchase cheques is not delayed beyond ten working days (when Principal Mutual Fund is open for business) from the date of receipt of the repurchase request in accordance with Regulation 53(b) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. **SUSPENSION OF SALE /REPURCHASE/SWITCH OPTIONS OF THE UNITS**

	The Fund at its sole discretion reserves the right to withdraw sale, repurchase and/or switch of the units under the Scheme , temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable. However, the suspension of sale/repurchase/switch either temporarily or indefinitely will be made applicable only after the approval of the Board of Directors of the AMC and Trustee. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance. The sale, repurchase and switch of the units may be temporarily suspended under any or all of the following conditions : - If the stock/money markets stop functioning or trading is restricted; - Under uncertain conditions when the market (capital/stock/money etc. become extremely volatile and the AMC so decides in the best interest of the unit holders); - Declaration of war or occurrence of insurrection, civil commotion or any other serious or sustained financial, political or industrial emergency or disturbance or any natural calamity; - In extreme cases of complete breakdown or dislocation of business in the financial markets; - Breakdown in the means of communication used for the valuation of investments in the Scheme without which the value of the securities held in the Scheme cannot be accurately calculated; - In the event of any force majeure or disaster that affects the normal functioning of the AMC or the ISC; - SEBI by order so permits; - During the period of Book Closure/Record Date; - On a requisition made by three-fourths of the unit holders; - If AMC views that enhancement in the size of the corpus further may prove detrimental to the existing unit holders of the Scheme.

C. PERIODIC DISCLOSURES

Net Asset Value This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.	Principal Mutual Fund shall calculate NAVs for the Scheme on a daily basis and publish in atleast two daily newspapers having circulation all over India. The AMC shall update the NAVs on the website of the Mutual Fund (www.principalindia.com) and on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 9.00 p.m. every Business Day. In case of delay, the reasons for such delay would be explained to AMFI in writing. NAVs would however be endeavoured to be made available before commencement of business hours of the following business day, failing which a press release explaining the material reasons for non-availability would be released. In the event NAV cannot be calculated and/or published because of suspension of trading on the BSE/NSE/RBI, during the existence of a state of emergency and/or a breakdown in communications, the AMC may suspend calculation and/or publication of NAV etc. of the units.
Monthly Portfolio Disclosures	The Fund shall on a monthly basis disclose portfolio (along with ISIN) as on the last day of the month for the Scheme on its website www.principalindia.com, on or before the tenth day of the succeeding month in a user friendly and downloadable format (preferably in a spread sheet).
Half yearly Disclosures: Portfolio / Financial Results This is a list of securities where the corpus the scheme is currently invested. The market value of these investments is also stated in the language of the region where the head office of the mutual fund is located. Portfolio disclosures.	The mutual fund shall publish a complete statement of the scheme portfolio within one month from the close of each half year (i.e. 31st March and 30th, September) by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located. The mutual fund may opt to send the portfolio statement to all unit holders in lieu of the advertisement referred above.
Half Yearly Results	The AMC shall, before the expiry of one month from the close of each half year (March 31 and September 30) disclose its unaudited half yearly financial results on the websites of the Mutual Fund and that of AMFI. Advertisement disclosing the hosting of the financial results on the Mutual Fund's website shall be published in 1 (one) national English daily newspaper having nationwide circulation and in a local daily newspaper in Mumbai.
Annual Report	A link to Annual Report or Abridged Summary of the Annual Report will be available on AMC's website www.principalindia.com and a link in this regard shall also be available on the website of AMFI i.e. www.amfiindia.com. Annual Report / Abridged Annual Report shall be sent by way of an e-mail link to the Investor's registered e-mail address or physical copies (if investor's e-mail address is not registered), not later than four months after the close of each financial year. Such Unitholders who have mentioned their e-mail address will receive the Annual Report/Abridged Summary of Annual Report only by e-mail and not in physical copy. However, Investors who have mentioned their e-mail address but still wish to receive physical copy of the Annual Report, may do so by submitting written request at any of our OPT. Physical Copy(ies) of Annual Report will be available for inspection at the Registered Offices of the AMC at all times.

Associate Transactions	Please refer to Statement of Additional Information (SAI).
Taxation The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.	**For all Scheme -** **Applicable tax rates for financial year 2015-16 - Updated with the amendments as per the Finance Act, 2015**

Particulars	Resident Investors	Mutual Funds
Tax on Distributed Income (DDT)	Nil	Distributions to: - Individual & HUF - 25%# - Other than Individual & HUF - 30%# - Non-resident (in case of an infrastructure debt fund) - 5%#
Capital Gain		
Long-term Capital Gains ##	20% * (with indexation)	Nil
Short-term Capital Gains ##	Individual/HUF/AOP/BOI – Taxable as per the applicable slab rates* Companies/Firms – 30%*	Nil

Rates are exclusive of surcharge at the rate of 12% and education cess at the rate of 3%. Additional tax on income distributed to unit-holders should be levied on the amount of income to be distributed including such additional tax (i.e. grossing-up), as against levy on only the amount of income to be distributed thereby resulting in a higher effective tax rate.

##Capital gains arising on transfer or redemption of "other than equity oriented units" should be regarded as long-term capital gains if such units are held for a period of more than 36 months, immediately preceding the date of transfer.

* Plus applicable surcharge; and education cess at the rate of 2% on income-tax and surcharge and secondary and higher education cess at the rate of 1% on income-tax and surcharge. For rates of surcharge, please refer to the clause on Taxation in the SAI.
Investors may be subject to Minimum Alternate Tax / Alternate Minimum Tax under section 115JB of the Act / Section 115JC of the Act respectively.

This chart is prepared on assumption that the investment in units of Mutual Fund would be characterised as capital assets in the hands of the unit holder.

Where the Fund receives any income from investments made in overseas jurisdiction, the same may be subject to withholding tax (or any other tax) in the relevant jurisdiction from which the income is received.

As the income of the fund is exempt from tax in India, credit / refund in respect of such foreign taxes may not be available in India.

For further details on taxation please refer to the clause on Taxation in the SAI.

Investor services	For any enquiries and/or queries or complaints in respect of any terms and conditions of/investments in this Scheme, the investors are advised to address a suitable communication to AMC and marked to the attention of Head Customer Services - Mr. Hariharan Iyer at customer@principalindia.com. Written communications may also be forwarded to Principal Mutual Fund at Exchange Plaza, Ground Floor, B Wing, NSE Building, Bandra Kurla Complex, Bandra(East), Mumbai – 400 051, India and/or alternatively faxed at +91 22 67720512. Investors can also call us at our Toll Free No – 1800 425 5600.

D. COMPUTATION OF NAV

The NAV of the Scheme for each option at any time shall be determined by dividing the net assets of the Scheme by the number of outstanding units on the valuation date:

NAV per unit = (Market / Fair Value of Securities + Accrued Income + Receivables + other assets - Accrued Expenses – payables-other liabilities)

No. of units outstanding of the scheme / option

The NAV will be calculated up to four decimals. Principal Mutual Fund shall calculate NAVs for the Scheme on a daily basis and publish in atleast two daily newspapers having circulation all over India. The AMC shall update the NAVs on the website of the Mutual Fund (www.principalindia.com) and on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 9.00 p.m. every Business Day.

The computation of Net Asset Value, valuation of assets, computation of applicable Net Asset Value (related price) for repurchase, switch and their frequency of disclosure shall be based upon a formula in accordance with the Regulations and as amended from time to time including by way of Circulars, Press Releases, or Notifications issued by SEBI or the Government of India to regulate the activities and growth of Mutual Funds.

The dividend paid on units under the Dividend Option of the Fund shall be deducted in computing the NAV of the units under the Dividend Option, each time a dividend is declared and till it is distributed. Consequently, once the dividend is distributed, the NAV of the units will always remain lower than the NAV of the units under the Growth Option. The income earned and profits realized attributable to the units under the Growth Option shall remain invested and shall be deemed to have remained invested in the Growth Option (exclusive of the units under the Dividend Option) and would be reflected in the NAV of the units under the Growth Option.

The valuation of the Scheme's assets and calculation of the Scheme's NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

SECTION- V FEES AND EXPENSES

This section outlines the expenses that will be charged to the Schemes

A. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

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. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

The estimated expenses under the Regular Plan and Direct Plan[$] under the Schemes are as per the table below:

Nature of Expense	% of daily Net Assets
Investment Management and Advisory Fees	Upto 2.25%
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 2.25%**
Additional expenses under regulation 52 (6A) (c)^	Upto 0.20%
Additional expenses for gross new inflows from specified cities #	Upto 0.30%

[$]**Direct Plan** under the aforementioned Scheme 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 2.25% 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 above estimates for recurring expenses for the Scheme are based on the corpus size of INR 1,000 million, and may change to the extent assets are lower or higher.

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, as given below.

Maximum Recurring Expenses:

Daily net assets	**As a % of daily net Assets (per annum)**	**Additional Total Expense Ratio as per SEBI Regulations 52 (6A) (c) #**	**Additional Total Expense Ratio as per SEBI Regulations 52 (6A) (b) #**
First Rs. 100 crores	2.25%	0.20%	0.30%
Next Rs. 300 crores	2.00%	0.20%	0.30%
Next Rs. 300 crores	1.75%	0.20%	0.30%
Balance of assets over and above Rs. 700 crores	1.50%	0.20%	0.30%

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 under Regulation 52 (6A) -

(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 Total Expense Ratio 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.
The service tax on brokerage and transaction costs which are incurred for the purpose of execution of trade, will be within the limit of prescribed under Regulation 52 of SEBI Regulations.

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.

The Annual Recurring Expenses for the Plans under the Scheme shall be within the overall limit of 2.25% of the daily net assets.

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.

Illustration of impact of expense ratio on Scheme's returns:

Particulars		**Regular Plan**	**Direct Plan**
Opening NAV per unit	A	10.0000	10.0000
Gross Scheme Returns @ 8.75%	B	0.8750	0.8750
Expense Ratio @ 1.50 % p.a.	C = (A x 1.50%)	0.1500	0.1500
Distribution Expense Ratio @ 0.25 % p.a. [1]	D = (A x 0.25%)	0.0250	0.0000
Total Expenses	E = C + D	0.1750	0.1500
Closing NAV per unit	F = A + B - E	10.7000	10.7250
Net 1 Year Return	F/A - 1	**7.00%**	**7.25%**

1 Distribution/Brokerage expense is not levied on Direct Plan

B. LOAD STRUCTURE & TRANSACTION CHARGES

Load Structure

1) Exit Load is an amount which is paid by the investor to redeem the units from the scheme.
2) Load details :

Principal Government Securities Fund
Entry Load: Not applicable **Exit Load**: NIL

3) Switch of investments from Regular Plan to Direct Plan under the same Scheme/Plan shall be subject to applicable exit load, unless the investments were made directly i.e. without any distributor code. However, any subsequent switch-out or redemption of such investments from Direct Plan will not be subject to any exit load.

4) No exit load shall be levied for switch-out from Direct Plan to Regular Plan. However, any subsequent switch-out or redemption of such investment from Regular Plan shall be subject to exit load based on the original date of investment in the Direct Plan.

5) Switch of investments between Plans under a Scheme having separate portfolios, will be subject to applicable exit load.

6) In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 inter alia no entry load will be charged by the Fund with effect from August 01, 2009. Upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN holder.

7) Effective October 01, 2012, exit load (if any) charged to the unit holders by the Mutual Fund on redemption (including switch out) of units shall be credited to the respective scheme net of service tax. Service Tax on exit load, if any, shall be paid out of the exit load proceeds.

8) Load structure is variable and subject to change from time to time, in alignment with provisions of the relevant SEBI Regulations/Guidelines. The AMC reserves the right to change/modify exit/switchover load (including zero load), depending upon the circumstances prevailing at any given time. A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated and also display the same on the website / Investor service center.

   The AMC may also:

   i. Attach the Addendum to Scheme Information Document and Key Information Memorandum and / or circulate the same to Distributors / Brokers so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock.

   ii. Arrange to display the addendum to the Scheme Information Document in the form of a notice in all the investor service centres and distributors/brokers office.

   iii. Disclose exit load/ CDSC in the statement of accounts issued after the introduction of such load/CDSC.

   iv. take other measures which it may feel necessary.

   The investor is requested to check the prevailing load structure of the scheme before investing. For the current applicable structure, he may refer to the website of the AMC - *www.principalindia.com* or may call at may call at 1800 425 5600 or your distributor.

9) Units issued on reinvestment of dividends shall not be subject to exit load.

10) Load on switch out will be same as exit load applicable to the respective schemes.
    If the Applicable NAV is Rs11.25 and a 1% exit load is charged the repurchase price will be calculated as follows:

    E.g. Repurchase Price = Applicable NAV x (1-Exit Load, if any).
    Therefore, the Repurchase Price would be Rs11.25 x (1-1.00% of Rs11.25) = Rs11.1375.

11) The repurchase price shall not be lower than 93% of the NAV and the sale price shall not be higher than 107% of the NAV. However, the difference between the repurchase price and sale price shall not exceed 7% on the sale price.

12) The exit load may be linked to the period of holding. Any imposition/enhancement or change in load structure shall be applicable on prospective investment only. However, any change at a later stage shall not affect the existing unit holders adversely.

Transaction Charges –

In accordance with SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, Principal Pnb Asset Management Company Private Limited (AMC) /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 Rs150/- for subscription of Rs.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 Rs100/- per subscription of Rs 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.

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

(iii) **Transaction charges shall not be deducted for:**

- purchases /subscriptions for an amount less than Rs10,000/-;
- transaction other than purchases/ subscriptions relating to new inflows such as Switch/ Systematic Transfer Plan/Sweep facility under the Dividend Option of the Scheme etc.;
- purchases/subscriptions made directly with the Fund (i.e. not through any Distributor/Agent);
- 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.

C. WAIVER OF LOAD FOR DIRECT APPLICATION

Not applicable

SECTION VI-RIGHTS OF UNITHOLDERS

Please refer to Statement of Additional Information for details.

SECTION VII. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY.

1.	Penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.	Nil
2.	In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholder's or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall be also disclosed.	Nil
3.	Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.	SEBI in January 2013 had initiated adjudicating proceedings against the Principal Mutual Fund, Principal Pnb Asset Management Company Private Limited ("AMC") and Principal Trustee Company Private Limited ("Trustee") to enquire and adjudge the alleged violations of Clause 5 under Schedule II of SEBI Circular no. SEBI/IMD/Cir no.11/78450/06 dated October 11, 2006 and SEBI Circular no. SEBI/IMD/CIR No. 6/98057/07 dated July 05, 2007. The adjudicating officer vide its order dated September 26, 2013 levied a penalty of Rs. 10 lakh each on the AMC and Trustee, respectively under section 15D(b) of the SEBI Act. The penalty amount was duly paid by the AMC and Trustee within the prescribed timeline.
4.	Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed	*As mentioned below

	separately.	
5.	Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.	Nil

* There is a legal case filed at the instance of CBI, Economic Offences Wing, Mumbai pertaining to the purchase of certain shares at SBI Mutual Fund. These proceedings have been filed against several persons then engaged with SBI Mutual Fund, including Mr. Rajat Jain – Chief Investments Officer of the Applicant who was at that time engaged with SBI Mutual Fund. These proceedings are pending as on date and no orders so far have been passed.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

Offices of AMC Identified as Official Point of Acceptance / Investor Service Centres

Principal Pnb Asset Management Company Private Limited - OPA & ISC:

Mumbai: Exchange Plaza, 'B' wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

Centres of Karvy Computershare Private Limited (R&T to Principal Mutual Fund) which have been identified as Official Point of Acceptance:

Agra: 1st Floor, Deepak Wasan Plaza, Behind Holiday Inn, Opp. Megdoot Furnitures, Sanjay Place, Agra-282 002 • **Ahmedabad:** 201/202 Shail, Opp. Madhusudan House, Navrangpura, Ahmedabad-380 006 • **Ajmer:** 302, 3rd Floor, Ajmer Auto Building, Opp. City Power House, Jaipur Road, Ajmer - 305 001 • **Aligarh:** 1st Floor, Kumar Plaza, Aligarh-202 001 • **Allahabad:** RSA Towers, 2nd Floor, Above Sony TV Showroom, 57, S.P. Marg, Civil Lines, Allahabad-211 001 • **Amritsar:** 72-A, Taylor's Road, Opp. Aga Heritage Club, Amritsar-143 001 • **Anand:** B-42 Vaibhav Commercial Center, Nr TVS Down Town Show Room, Grid Char Rasta, Anand-380 001 • **Asansol:** 114/71, G.T. Road, Near Sony Centre, Bhanga Pachil, Asansol-713 303 • **Aurangabad:** Ramkunj Niwas, Railway Station Road, Near Osmanpura Circle, Aurangabad-431 005 • **Bangalore:** 59, Skanda Puttanna Road, Basavanagudi, Bangalore-560 004 • **Bankura:** Ambika Market Complex, Gr. Floor, Nutanganj, Post & Dist Bankura, Bankura-722 101 • **Bareilly:** 1st Floor, 165, Civil Lines, Opp. Hotel Bareilly Palace, Near Railway Station, Bareilly-243 001 • **Belgaum:** CTS No. 3939/ A2 A1, Above Raymonds Show Room, Beside Harsha Appliances, Club Road, Belgaum-590 001 • **Bharuch:** Shop No. 147-148, Aditya Complex, Near Kasak Circle, Bharuch-392 001 • **Bhatinda:** #2047-A 2nd Floor, The Mall Road, Above Max New York Life Insurance, New Delhi-151 001 • **Bhavnagar:** Krushna Darshan Complex, Parimal Chowk, Office No. 306-307, 3rd Floor, Above Jed Blue Show Room, Bhavnagar 364 002 • **Bhilai:** Shop No. 1, First Floor, Plot No.1, Commercial Complex, Nehru Nagar (East), Bhilai-490 020 • **Bhopal:** Kay Kay Business Centre, 133, Zone I, M.P. Nagar, Above City Bank, Bhopal-462 011 • **Bhubaneshwar:** A/181 , Back Side of Shivam Honda Show Room, Saheed Nagar, Bhubaneswar-751 007 • **Bikaner:** 70-71, 2nd Floor, Dr. Chahar Building, Panchsati Circle, Sadul Ganj, Bikaner-334 001 • **Bokaro:** B-1, 1st Floor, City Centre, Sector-4, Near Sona Chandi Jwellars, Bokaro-827 004 • **Burdwan:** 63 G.T. Road, Halder Complex 1st Floor, Burdwan-713 101 • **Calicut:** 2nd Floor, Soubhagya Shopping Complex, Arayidathpalam, Mavoor Road, Calicut-673 004 • **Chandigarh:** SCO 2423-2424, Sector 22-C, Chandigarh-160 022 • **Chennai:** F-11, Akshaya Plaza, 1st Floor, 108, Adhithanar Salai, Egmore, Opp. Chief Metropolitan Court, Chennai-600 002 • **Cochin:** Ali Arcade, 1st Floor, Kizhavana Road, Panampilly Nagar, Near Atlantis Junction, Ernakualm-682 036 • **Coimbatore:** 3rd Floor, Jaya Enclave, 1056/1057 Avinashi Road, Coimbatore-641 018 • **Cuttack:** P.O. - Buxi Bazar, Cuttack, Opp. Dargha Bazar, Dargha Bazar, Cuttack-753 001 • **Dehradun:** Kaulagarh Road, Near Sirmaur Margabove, Reliance Webworld, Dehradun-248 001 • **Dhanbad:** 208 New Market, 2nd Floor, Bank More, Dhanbad-826 001 • **Durgapur:** Mwav-16 Bengal Ambuja, 2nd Floor, City Centre, 16 Dt Burdwan, Durgapur-713 216 • **Erode:** No. 4, Veerappan Traders Complex, KMY Salai, Sathy Road, Opp. Erode Bus Stand, Erode-638 003 • **Faridabad:** A-2B, 1st Floor, Nehru Groundnit, Faridabad-121 001 • **Ghaziabad:** 1st Floor, C-7, Lohia Nagar, Ghaziabad-201 001 • **Goa:** Flat No. 1-A, H. No. 13/70, Timotio Bldg. Heliodoro Salgado Road, Next to Navhind Bhavan (Market Area), Panaji, Goa - 403 001 • **Gorakhpur:** Above V.I.P. Houseajdacent, A.D. Girls College, Bank Road, Gorakpur-273 001 • **Gurgaon:** Shop No.18, Gr. Floor, Sector-14, Opp. AKD Tower, Near Huda Office, Gurgaon-122 001 • **Guwahati:** 1st Floor, Bajrangbali Building, Near Bora Service Station, G.S. Road, Guwahati - 781 007 • **Gwalior:** 2nd Floor, Rajeev Plaza, Jayendra Ganj, Lashkar, Gwalior. M.P.-474 009 • **Hubli:** CTC No. 483 / A1-A2, Gr. Floor, Shri Ram Plaza, Behind Kotak Mahindra Bank, Club Road, Hubli - 580 029. • **Hyderabad:** KARVY CENTRE, 8-2-609/K, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. • KARVY SELENIUM, Plot No. 31 & 32, Tower B, Survey No. 115 /22, 115/24 &115/25, Financial District, Gachibowli, Nanakramguda, Serlingampally Mandal, Ranga Reddy District, Hyderabad - 500 032 • **Indore:** 2nd Floor, 203-205, Balaji Corporates, Above ICICI Bank, 19/1 New Palasia, Indore-452 001 • **Jabalpur:** Grover Chamber, 43 Naya Bazar Malviya Chowk, Opp. Shyam Market, Jabalpur-482 002 • **Jaipur:** S-16/A 3rd Floor, Land Mark Building, Opp. Jai Club, Mahaver Marg C-Scheme, Jaipur-302 001 • **Jalandhar:** 1st Floor, Shanti Towers, SCO No. 37, PUDA Complex, Opp. Tehsil Complex, Jalandhar-144 001 • **Jalgaon:** 269 Jaee Vishwa, 1st Floor, Above United Bank of India, Baliram Peth, Near Kishor Agencies, Jalgaon - 425 001 • **Jammu:** 5 A/D Extension 2, Near Panama Chowk Petrol Pump, Panama Chowk, Jammu-180 012 • **Jamnagar:** 136-138, Madhav Palaza, Opp. SBI Bank, Near Lal Bunglow, Jamnagar-361 001 • **Jamshedpur:** 2nd Floor, R.R. Square, SB Shop Area, Near Reliance Foot Print & Hotel, BS Park Plaza, Main Road, Bistupur, Jamshedpur-831 001 • **Jodhpur:** 203, Modi Arcade, Chopasni Road, Jodhpur-342 001 • **Junagadh:** 124-125 Punit Shopping Center, M.G. Road, Ranavav Chowk, Junagadh-362 001 • **Kanpur:** 15/46, B, Gr. Floor, Opp. Muir Mills, Civil Lines, Kanpur-208 001 • **Karnal:** 18/369, Char Chaman, Kunjpura Road, Behind Miglani Hospital, Karnal-132 001 • **Kolhapur:** 605/1/4, E Ward, Shahupuri 2nd Lane, Laxmi Niwas, Near Sultane Chambers, Kolhapur-416 001 • **Kolkata:** 166 A, Rashbihari Avenue, 2nd Floor, Opp. Fortish Hospital, Kolkata-700 029 • **Kota:** 29, 1st Floor, Near Lala Lajpat Rai Circle, Shopping Centre, Kota-324 007 •

Kottayam: 1st Floor Csiascension Square, Railway Station Road, Collectorate P. O., Kottayam-686 002 • **Lucknow:** 1st Floor, A. A. Complex, Thaper House, 5 Park Road, Hazratganj, Lucknow - 226 001 • **Ludhiana:** SCO-136, 1st Floor, Above Airtel Showroom, Feroze Gandhi Market, Ludhiana-141 001 • **Madurai:** Rakesh Towers, 30-C, 1st Floor, Bye Pass Road, Opp. Nagappa Motors, Madurai-625 010 • **Malda:** Sahis Tuli, Under Ward No.6, No.1 Govt Colony, English Bazar Municipality, Malda-732 101 • **Mangalore:** Mahendra Arcade, Opp. Court Road, Karangal Padi, Mangalore-575 003 • **Meerut:** 1st Floor, Medi Centre, Opp. ICICI Bank, Hapur Road, Near Bachha Park, Meerut-250 002 • **Mehsana:** Ul-47, Apollo Enclave, Opp. Simandhar Temple, Modhera Cross Road, Mehsana-384 002 • **Moradabad:** Om Arcade, Parker Road, Above Syndicate Bank, Chowk Tari Khana, Moradabad-244 001 • **Mumbai:** 24/B, Raja Bahadur Compound, Ambalal Doshi Marg, Behind BSE Bldg., Fort, Mumbai-400 001 • ***Mumbai - Borivali:*** Gr. Floor, Himanshu Bldg., Sodawala Lane, Lina Chandawarkar Road, Borivali, Mumbai-400 091 • ***Mumbai - Thane:*** 101, Yashwant Building, Ram Ganesh, Godkari Path, Ram Maruti Road, Naupada, Thane-400 602 • **Mumbai** - ***Vashi:*** Shop No. 43-A, Ground Floor, Vashi Plaza Sector-17, Near Apna Bazar, Vashi-400 705 • **Muzaffarpur:** 1st Floor, Uma Market, Thana Gumtimoti Jheel, Muzaffarpur-842 001 • **Mysore:** L-350, Silver Tower, Ashoka Road, Opp. Clock Tower, Mysore-570 001 • **Nadiad:** 104/105, Near Paras Cinema, City Point Nadiad, Nadiad-387 001 • **Nagpur:** Plot No. 2/1, House No 102/1, Mangaldeep Appartment, Mata Mandir Road, Opp. Khandelwal Jewelers, Dharampeth, Nagpur-440 010 • **Nasik:** S-12,Suyojit Sankul, Sharanpur Road, Near Rajiv Gandhi Bhavan, Nasik-422 002 • **Navsari:** 1/1 Chinmay Aracade, Opp. Sattapir Road, Tower Road, Navsari-396 445 • **New Delhi:** 305, New Delhi House, 27, Barakhamba Road, New Delhi -110 001 • **Noida:** 405, 4th Floor, Vishal Chamber, Plot No. 1, Sector-18, Noida - 201 301 • **Panipat:** 1st Floor, Java Complex, Above Vijaya Bank, G.T. Road, Panipat-132103 • **Patiala:** SCO-27 D, Chotti Baradari, Near Car Bazaar, Patiala-147 001 • **Patna:** 3-A, 3rd Floor, Anand Tower, Exhibition Road, Opp. ICICI Bank, Patna-800 001 • **Pondicherry:** No. 7, Thiayagaraja Street, Pondicherry-605 001 • **Pune:** Mozaic Bldg, CTS No.1216/1, Final Plot No. 576/1 TP, Scheme No.1, F. C. Road, Bhamburda, Shivaji Nagar, Pune - 411 004 • **Raipur:** Shop No. 31 Third Floor, Millenium Plaza Above Indian House, Behind Indian Coffee House, Raipur 492 001 • **Rajkot:** 104, Siddhi Vinyak Complex, Opp. Ramkrishna Ashram, Dr. Yagnik Road, Rajkot, Rajkot-360 001 • **Ranchi:** Room No. 307, 3rd Floor, Commerce Tower, Beside Mahabir Tower, Ranchi-834 001 • **Rourkela:** 1st Floor, Sandhu Complex, Kachery Road, Uditnagar, Rourekla-769 012 • **Salem:** No. 40, 2nd Floor, Brindavan Road, Fairlands, Near Perumal Koil, Salem-636 016 • **Shillong:** Annex Mani Bhawan, Lower Thana Road, Near R K M Lp School, Shillong-793 001 • **Shimla:** Triveni Building, By Pas Chowkkhallini, Shimla-171 002 • **Siliguri:** Nanak Complex, Sevoke Road, Siliguri-734 001 • **Surat:** G-5, Empire State Buliding, Near Udhna Darwaja, Ring Road, Surat-395 002 • **Tirunelveli:** 55/18, Jeney Building, S.N. Road, Near Aravind Eye Hospital, Tirunelveli-627 001 • **Trichur:** 2nd Floor, Brothers Complex, Naikkanal Junction, Shornur Road Near Dhanalakshmi Bank H O, Thrissur-680 001 • **Trichy:** 60, Sri Krishna Arcade, Thennur High Road, Trichy-620 017 • **Trivandrum:** 2nd Floor, Akshaya Tower, Sasthamangalam, Trivandrum-695 010 • **Udaipur:** 201-202, Madhav Chambers, Opp. GPO, Chetak Circle, Udaipur-313 001 • **Vadodara:** 203, Corner point, Jetalpur Road, Vadodara - 390 007 • **Valsad:** Shop No. 2 , Phiroza Corner, Opp. Next Show Room, Tithal Road, Valsad-396 001 • **Vapi:** Shop No. 12, Ground Floor, Sheetal Appatment, Near K.P. Tower, Vapi-396 195 • **Varanasi:** D-64/132, 1st Floor, Anant Complex, Sigra, Varanashi-221 010 • **Vellore:** No. 1, M. N. R. Arcade, Officers Line, Krishna Nagar, Vellore-632 001 • **Vijayawada:** 39-10-7, Opp. Municipal Water Tank, Labbipet, Vijayawada-520 010 • **Visakhapatnam:** Door No: 48-8-7, Dwaraka Dimond, Gr. Floor, Srinagar, Visakhapatnam - 530 016 • **Warangal:** 5-6-95, 1st Floor, Opp. B.Ed Collage, Lashkar Bazar, Chandra Complex, Hanmakonda, Warangal-506 001

Points of Service ("POS") of MF UTILITIES INDIA PRIVATE LIMITED ("MFUI") as Official Point of Acceptance*:*

The Online Transaction Portal of MF Utility is www.mfuonline.com and the list of POS of MFUI is published on the website of MFUI at www.mfuindia.com as updated from time to time.

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In addition to above, for all the Schemes, Eligible Brokers/Clearing Members/Depository Participants as defined in the SID will be considered as the Official Point of Acceptance for the transactions preferred through the MFSS.

Name, Address and Website of Registrar:

Karvy Computershare Pvt. Ltd. (Unit: Principal Mutual Fund), Karvy Registry House, #8-2-596, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500034.

• www.karvycomputershare.com