

ARE YOU PREPARED FOR A RAINY DAY?

Presenting

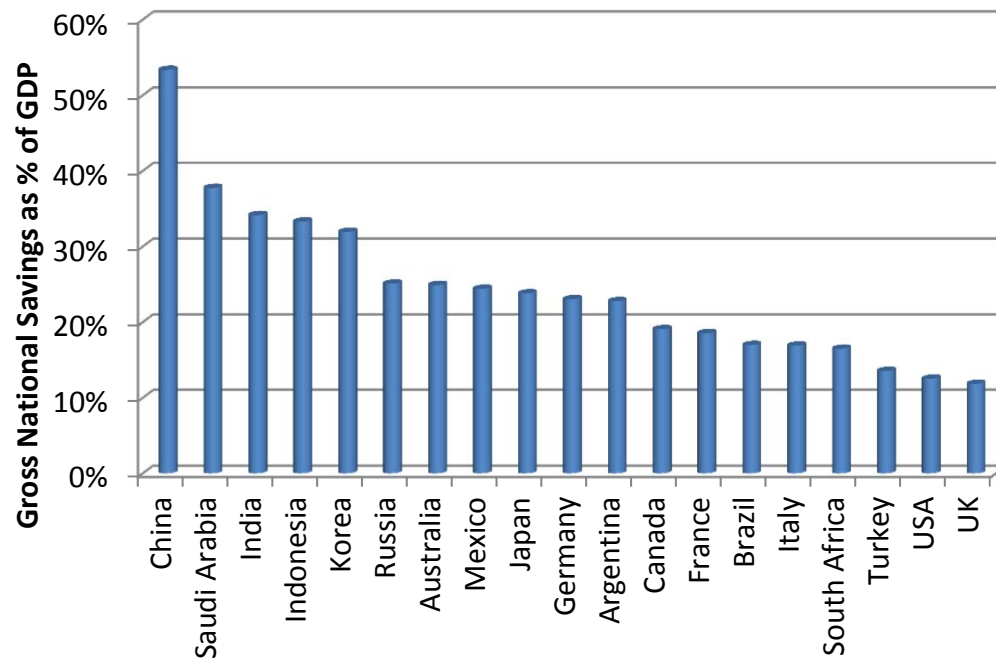
Principal

SYSTEMATIC
INVESTMENT PLAN

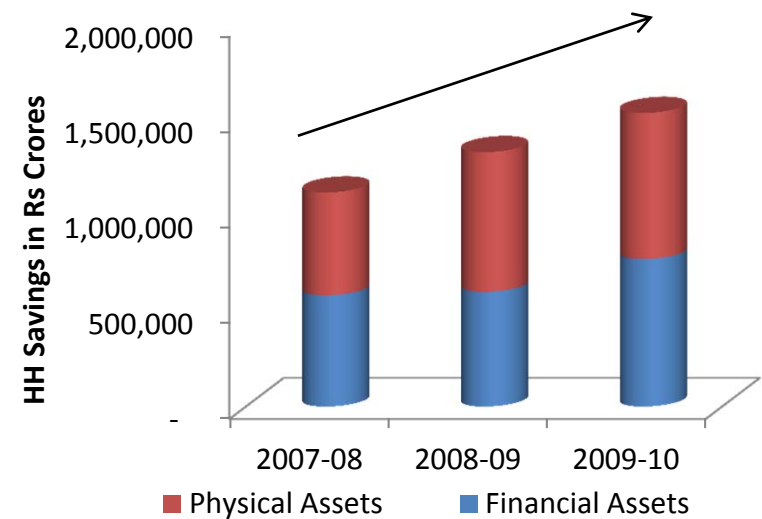


We are a Nation of Savers

Traditionally, our savings rate has been amongst the highest in the world



Source: Data book for DCH; 1st November 2011

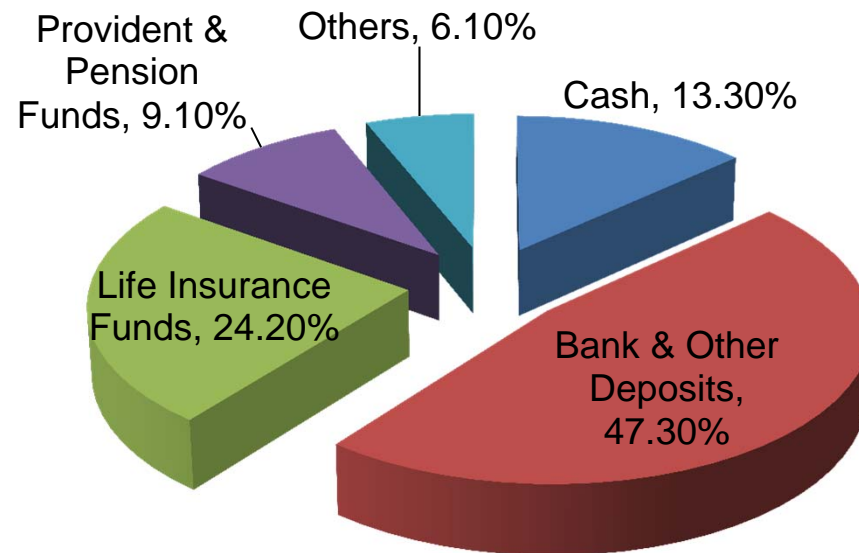


Source – RBI annual report 2010-11

Our savings rate continues to be impressive!

We Save well, but...

Household Investments in Financial Assets for FY 2010-11



Source – RBI annual report 2010-11

A large part of our savings are in Cash or low yielding assets!

Cost of Idle Money!

Consider an example of savings of Rs 100,000 invested in your savings account for a Year

| Particulars | | Amount (Rs) |
|---|---|---------------|
| Money in savings account at beginning of Year | | 100,000 |
| Interest earned in 1 year (@ 4.5% per annum) | + | 4,500 |
| Closing balance at the end of 1 Year | | 104,500 |
| Tax on Interest (@ 30.9%)# | - | 1,391 |
| Impact of Inflation (@ 6.5% per annum) | - | 6,500 |
| | | |
| Value at the end of Year 1 | | 96,610 |

Idle Money actually leads to erosion of savings!

Source – Internal

tax rate applied is basis assumption that the individual is in highest tax slab

This example uses assumed figures and is for illustrative purposes only

Inflation the Silent Assassin!

Inflation silently eats into our savings

Most people do not consider the effect of inflation while planning for future needs

Let's see the impact of inflation over a long term period e.g. average inflation of 6.5 % for the next 30 years

| | | |
|----------------|---|-----------|
| Value Now | → | Rs 10,000 |
| After 5 years | → | Rs 7,299 |
| After 10 years | → | Rs 5,327 |
| After 20 years | → | Rs 2,838 |
| After 30 years | → | Rs 1,512 |

This example uses assumed figures and is for illustrative purposes only

Source – Internal

Life-stage Goals & Dreams

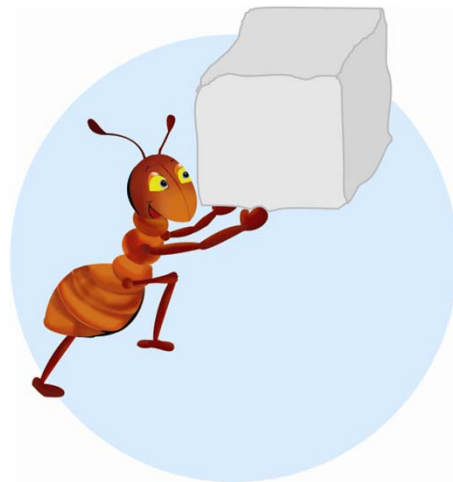


Smart Investing is therefore the key!



Important Tips

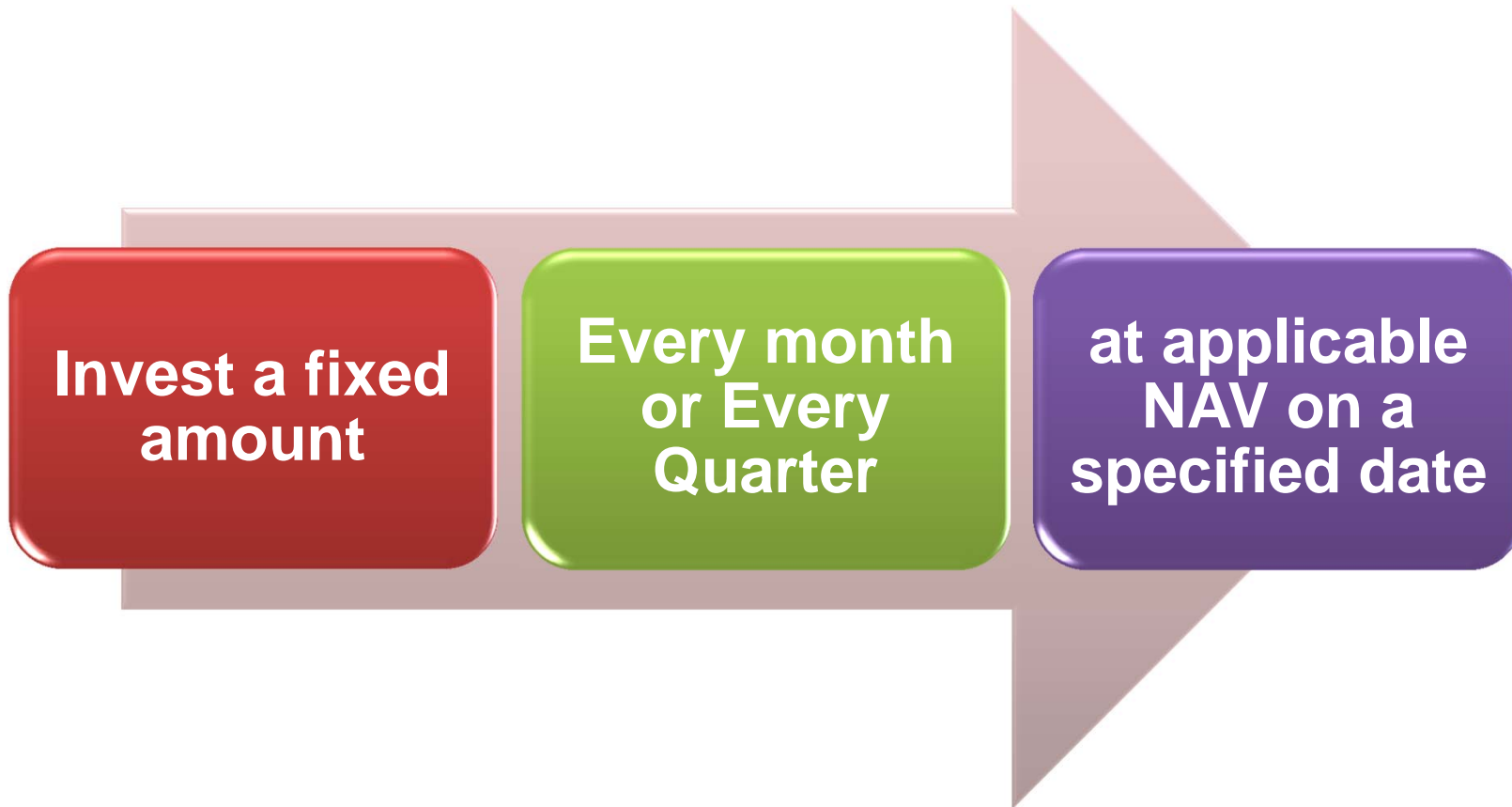
- Invest in Instruments that tend to beat Inflation & suit your risk appetite
- Adopt a disciplined & long term approach – Invest regularly and systematically
- Start Investing as early as possible
- Allow your money to grow - stay invested & do not get distracted with market fluctuations



Introducing Principal Systematic Investment Plan (PSIP)



What is a Systematic Investment Plan (SIP)?



Benefits of Investing in PSIP

- Encourages Regular Investments (just like recurring deposit schemes)
- Flexibility to invest small amounts every month / quarter (Rs 500/-)
- **Rupee Cost Averaging Benefit** helps counter volatility - it brings down the average cost of your Investments
- See how the **Power of Compounding** makes your small investments grow into substantial amount
- No need to worry about timing the market!
- Convenient & Hassle free mode of investment
- Choice of schemes to invest depending on your investment objective & risk appetite
- Most importantly, avail all the benefits of investing in MFs like professional management, diversification, liquidity, transparency, flexibility & low cost

Rupee Cost Averaging

| Month | Amount (Rs.) | Rising Market | | Falling Market | | Volatile Market | |
|---|-----------------|---------------|----------------|----------------|----------------|-----------------|----------------|
| | | NAV (Rs) | Units Allotted | NAV (Rs) | Units Allotted | NAV (Rs) | Units Allotted |
| 1 | 5000 | 10 | 500 | 10 | 500 | 10 | 500 |
| 2 | 5000 | 10.5 | 476.19 | 9.75 | 512.82 | 10.5 | 476.19 |
| 3 | 5000 | 12 | 416.67 | 9 | 555.56 | 9 | 555.56 |
| 4 | 5000 | 14 | 357.14 | 7 | 714.29 | 11 | 454.55 |
| 5 | 5000 | 17 | 294.12 | 6.5 | 769.23 | 13 | 384.62 |
| 6 | 5000 | 18 | 277.78 | 6 | 833.33 | 11.5 | 434.78 |
| Total | 30000 | 81.5 | 2321.90 | 48.25 | 3885.23 | 65 | 2805.69 |
| Avg. Purchase NAV (Total of NAVs / No. of investments) | | 13.58 | | 8.04 | | 10.83 | |
| Avg. cost per unit (Total Investment / No. of units held) | | 12.92 | | 7.72 | | 10.69 | |

Lowers your cost of investment...No worries about timing the market anymore!

This example uses assumed figures and is for illustrative purposes only



The Power of Compounding

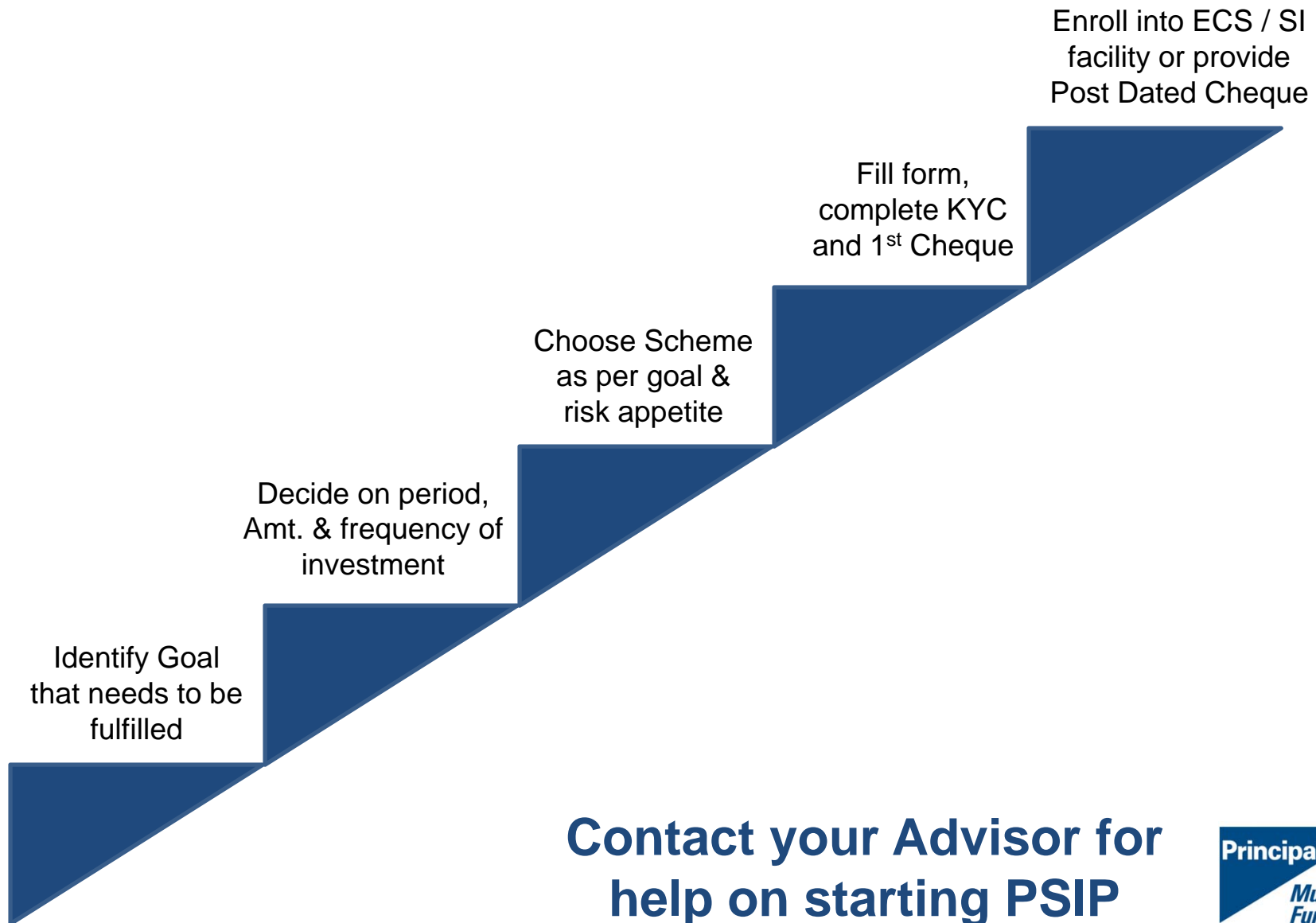
SIP of Rs. 1000 invested per month @ 8 % p.a. till the age of 60.

| Starting Age | Total Amount Saved (Rs.) | Value at the age of 60 (Rs.) |
|--------------|--------------------------|------------------------------|
| 25 | 4,20,000 | 23,09,175 |
| 30 | 3,60,000 | 15,00,295 |
| 35 | 3,00,000 | 9,57,367 |
| 40 | 2,40,000 | 5,92,947 |

...the sooner you start, makes a difference!

This example uses assumed figures and is for illustrative purposes only

5 Simple Steps to start a PSIP



Contact your Advisor for help on starting PSIP



Investing in PSIP Made Easier

- SIP calculator for helping you plan for your goals
- SMS – Reminders for SIP installment & transaction confirmations
- Electronic Clearing Services & Auto-debit (SI) facility
- Toll-free for assistance



customer@principalindia.com



1800 425 5600



www.principalindia.com

About us

Principal Mutual Fund

- Principal Pnb Asset Management Co. Pvt. Ltd. is a SEBI registered asset management company specializing in investment management
- Principal Pnb Asset Management Co. Pvt. Ltd. claims compliance with the Global Investment Performance Standards (GIPS)*
- The company started operations in 1994. Principal's advent in the company was in the year 2000
- Presence in over 100 locations through Branches / Investor Service Centres
- Products Offered –
 - Equity Schemes** – Principal Large Cap Fund, Principal Emerging Bluechip Fund, Principal SMART Equity Fund, Principal Growth Fund, Principal Services Industries Fund, Principal Dividend Yield Fund, Principal Index Fund, Principal Retail Equity Savings Fund
 - ELSS Scheme** - Principal Personal Tax Saver Fund
 - Target Risk Funds-** Principal Debt Savings Fund, Principal Balanced Fund
 - Debt Schemes** - Principal Near Term Fund, Principal Ultra Short Term fund, Principal Income Fund, Principal Government Securities Fund
 - Liquid Funds** - Principal Cash Management Fund , Principal Retail Money Manager Fund
 - Global Fund** - Principal Global Opportunities Fund

* Please contact Principal Pnb Asset Management Co. Pvt. Ltd. at Exchange Plaza, B Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 to receive a complete list and description of the company's composites and/or a presentation that adheres to the GIPS standards

Principal In India - Principal Mutual Fund

The Mutual Fund is sponsored by Principal Financial Services Inc. USA through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited with Punjab National Bank and Vijaya Bank as its co-settlers

A Fortune 500 company, Principal is a leader in offering businesses with a wide range of financial products and services – 65% Shareholding



2nd largest bank in India in terms of number of branches and the 3rd largest bank in terms of asset size – 30% Shareholding



A leading Indian bank with a network of more than 1190 branches spread across the country – 5% Shareholding



Our Sponsor - Principal Financial Group Inc. (PFG)\$

- A leading global provider of retirement & investment services
- A Fortune 500 company established in 1879
- Listed on NYSE (Symbol PFG), constituent of S&P 500
- \$327 Billion in Assets Under Management, total GAAP Revenues of \$9.2 billion*, Operating Earnings \$845* million
- 19.1 million customers*, 13,600 employees*, Offices in 15 countries across Asia, Australia, Europe, Latin America and America
- **PFG's products includes:**
 - Pension – One of the largest retirement solution provider in North America
 - Life Insurance
 - Asset Management
 - Mortgage
 - Banking
- **Strong Financial Ratings of Life Insurance Business**
 - A.M. Best: A+ Superior (2nd highest of 16 rating levels)
 - Fitch Rating: AA- Very Strong (4th highest of 21 rating levels)
 - Moody's: Aa3 Excellent (4th highest of 21 rating levels)
 - Standard & Poor's Rating Group: A Strong (6th highest of 21 rating levels)
- Principal Global Investors LLC and Principal Administradora General De Fondos S.A. are also registered as FII's in India with SEBI

*Details as on March 2011. Source: www.principal.com

\$ Principal Mutual Fund is sponsored by Principal Financial Services Inc. USA acting through its wholly owned subsidiary Principal Financial Group (Mauritius Ltd) . Principal Financial Services Inc is a member of Principal Financial Group



Our Sponsor - Accomplishments

- *PFG Inc.* Ranked 268th on **FORTUNE** magazine's **Largest 500 Corporations** - May 2011
- *PFG Inc.* Ranked as the No.1 investment brand in the 2011 Harris Poll EquiTrend Study – May 2011
- *PFG Inc.* Named as **one of the worlds most ethical companies** for the fourth consecutive year by *Ethisphere Magazine* - March 2010
- Recognized by Pension & Investment magazine as one of the magazine's **Eddy Award winners** for excellence in investment education for defined contribution plan participants. – March 2010
- Principal Funds (USA) ranked as the **fifth largest manager of lifecycle mutual funds** by Financial Research Corporation. – December 2010
- Eleventh largest life insurer (Principal Life Insurance Company) based on HIGHLINEDATA. – 2010
- **Principal Funds (USA) holds the 23 spot on list of top advisor-sold mutual fund companies** in the United States, according to the Financial Research Corporation. – December 2010



Our Sponsor - Global Presence of PFG

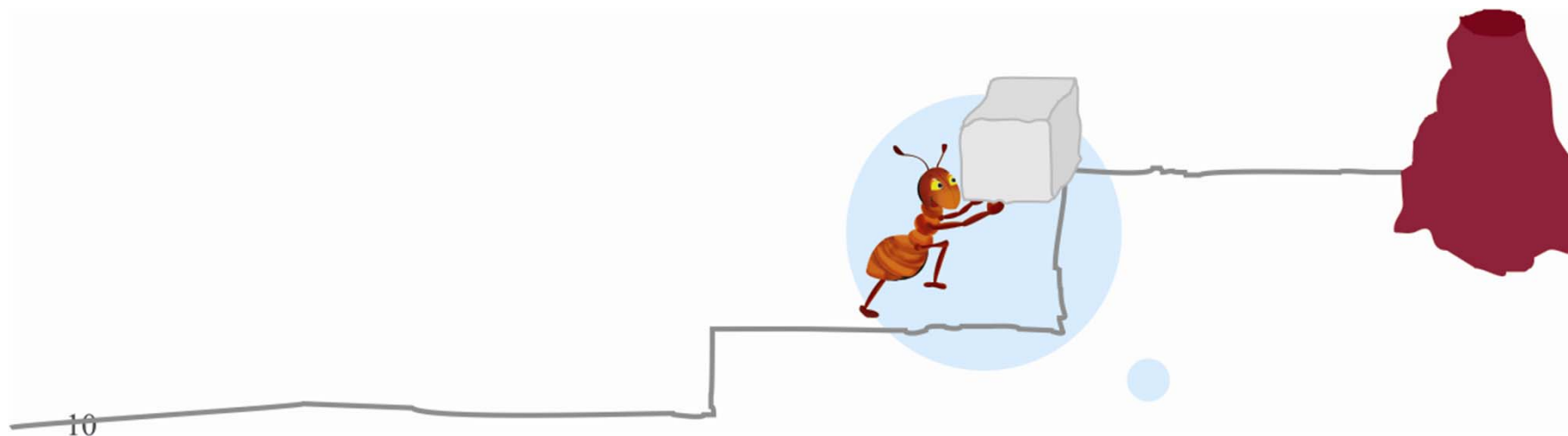


Principal Mutual Fund - Our Value Proposition

- Backed by the financial strength & experience of over 125 years of Principal Financial Group in asset accumulation and management
- The asset management company in India imbibes the ethical standards of Principal Financial Group (Named as one of the world's most ethical companies for the fourth consecutive year by Ethisphere Magazine. March 2010)
- Complimented by our Indian Partners Punjab National Bank and Vijaya Bank
- 'True to label' fund management and rigorous risk management practices to optimize the risk & return proposition for the benefit of investors in adherence to our fiduciary capacity
- Process oriented investment approach with high standards of hygiene in terms of risk policies
- Customer Focus - We care more, know more and do more to help deliver better asset management services

So now what's stopping you from reaching out for your dreams?

Start a PSIP today!



Statutory Disclosures & Risk Factors

Note: The calculations are based on assumed rate of return for illustrative purposes only and should not be construed as a promise, guarantee or forecast on minimum returns. PSIP does not guarantee protection against loss in a declining market. Applicable taxes, fees, expenses and/or any other charges have not been considered in calculations and where the same if taken into consideration may reduce the returns on your actual investments. Dividend declarations, if any and Inflation have not been considered for calculation of returns. Please consult your legal/tax/investment advisor before investing.

Statutory Details: Principal Mutual Fund has been constituted as a trust with Principal Financial Group (Mauritius) Limited, Punjab National Bank and Vijaya Bank as the co-settlers. **Sponsor:** Principal Financial Services Inc., USA [acting through its wholly owned subsidiary Principal Financial Group (Mauritius) Ltd.]. **Trustee:** Principal Trustee Company Private Limited. **Investment Manager:** Principal Pnb Asset Management Company Private Limited.

Risk Factors: Mutual funds and securities investments are subject to market risks and there can be no assurance and no guarantee that the objectives of Principal Mutual Fund can be achieved. As with any investment in securities, the NAV of the units issued under the scheme(s) can go up or down, depending upon the factors and forces affecting the capital markets. Past performance of the Sponsor/ AMC/ Principal Mutual Fund/ Punjab National Bank/ Vijaya Bank does not indicate or guarantee the future performance of the Schemes of Principal Mutual Fund. The Sponsor and any of its associates including co-settlers are not responsible or liable for any loss resulting from the operations of the Mutual Fund beyond the initial contribution of an amount of Rs. 25 Lakhs towards setting up Principal Mutual Fund. Investors in the scheme are not being offered a guaranteed or assured rate of return or monthly or regular/periodical income distribution, and the actual returns and/or periodical income distribution of an investor will be based on the distributable surplus. **Principal Growth Fund - An Open-ended Equity Scheme** - Investment Objective: To achieve long-term capital appreciation. **Principal Dividend Yield Fund - An Open-ended Equity Scheme** - Investment Objective: To provide capital appreciation and / or dividend distribution by investing predominantly in a well-diversified portfolio of companies that have a relatively high dividend yield. **Principal Large Cap Fund - An Open-ended Equity Scheme** - Investment Objective: To provide capital appreciation and /or dividend distribution by predominantly investing in companies having a large market capitalization. For the purpose of this Fund, Large Cap Stocks are defined as stocks with market cap equal to or above the market cap of the lowest market cap stock of the BSE 100 Index and which may or may not be a constituent of the BSE 100 Index at the time of investment. The universe may also include Initial Public Offerings whose market capitalization would be as per the above-mentioned criteria. This large cap cutoff will be so determined taking into account the full market cap range of the BSE 100 index at the end of every calendar quarter. Such market cap range once determined at quarter-end will apply to all investment decisions made during the following quarter. The market cap criteria will apply only at the time of making investment decision. If a stock so qualifies for investment based on above market cap criteria at the time of investment; the fund may continue to hold the stock irrespective of market cap movement of the stock subsequent to investment in the stock.

Statutory Disclosures & Risk Factors (contd.)

Principal Services Industries Fund - *An Open-ended Equity Scheme* - Investment Objective: To provide capital appreciation and income distribution to the unit holders by investing predominantly in equity/equity related securities of the companies belonging to the services industries and the balance in debt securities and money market instruments including call money. **Principal Global Opportunities Fund** - *An Open-ended Fund of Funds Scheme* - Investment Objective: To provide long term capital appreciation by predominantly investing in overseas mutual fund schemes, and a certain portion of its corpus in Money Market Securities and/or units of Money Market / Liquid Schemes of Principal Mutual Fund. **Principal Emerging Bluechip Fund** - *An Open-ended Equity Scheme* - Investment Objective: To achieve long-term capital appreciation by investing in equity & equity related instruments of Mid Cap & Small Cap companies. **Principal Personal Tax Saver Fund** - *An Open-ended Equity Linked Savings Scheme* - Investment Objective: To provide long term growth of capital. The Investment Manager will aim to achieve a return on assets in excess of the performance of BSE 100 Index. **Principal Index Fund** - *An Open-ended Index Scheme* - Investment Objective: To invest principally in securities that comprise S&P CNX Nifty (NSE) and subject to tracking errors endeavour to attain results commensurate with the Nifty. **Principal Balanced Fund** - *An Open-ended Balanced Scheme* - Investment Objective: To provide long term appreciation and current income by investing in a portfolio of equity & equity related securities and fixed income securities. **Principal Retail Equity Savings Fund** - *An Open ended Equity Scheme* - Investment Objective: To provide long term capital appreciation and regular income by investing in equity and equity related instruments and also in debt and money market instruments. **Principal Government Securities Fund** - *An Open-ended dedicated Gilt Scheme investing in Government Securities* - Investment Objective: To generate return through investment in sovereign securities and thus provide capital gains and income distribution to its Unitholders. **Principal Cash Management Fund** - *An Open-ended Liquid Scheme* - Investment Objective: 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. **Principal Ultra Short Term Fund** - *An Open-ended Debt Scheme* - Investment Objective: To generate regular income through investments in debt securities and money market instruments. **Principal Retail Money Manager Fund** - *An Open-ended Liquid Scheme* - Investment Objective: To generate steady return by investing in debt and money market securities. **Principal Near-Term Fund** - *An Open-ended Debt Scheme* - Investment Objective: To generate regular income & Capital appreciation through investments in debt securities and money market instruments.

Statutory Disclosures & Risk Factors (contd.)

Principal Debt Savings Fund - *An Open-ended Income Fund* - Investment Objective: 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. **Principal Income Fund - Long Term Plan** - *An Open-ended Income Scheme* - Investment Objective: To generate regular income and capital appreciation/accretion through investment in debt instruments and related securities besides preservation of capital. **Principal Income Fund - Short Term Plan** - *An Open Ended Income Scheme* - Investment objective of Principal Income Fund - Short Term Plan is the same as Principal Income Fund - Long Term Plan. However Principal Income Fund – Short Term Plan has been designed to achieve stable returns over shorter-term investment horizons. **Principal SMART Equity Fund** - *An open-ended Equity Scheme* - Investment Objective: The primary objective of the scheme is to seek to generate long term capital appreciation with relatively lower volatility through systematic allocation of funds into equity; and in debt /money market instruments for defensive purposes. The Scheme will decide on allocation of funds into equity assets based on equity market Price Earning Ratio (PE Ratio) levels. When the markets become expensive in terms of 'Price to Earnings' Ratio'; the Scheme will reduce its allocation to equities and move assets into debt and/or money market instruments and vice versa); are only the names of the Schemes and do not in any manner indicate either the quality of the Schemes or their future prospects or returns.

For scheme specific risk factors, terms of issue etc. investors are urged to read the Scheme Information Document (SID) carefully and consult with their legal/tax/investment advisor before they invest in the Scheme. Copy of SIDs can be obtained at the investor service centres of AMC or can be downloaded from website: www.principalindia.com Alternately investors can call our Toll Free No: 1800 425 5600 to obtain a copy of the same.