

## KEY INFORMATION MEMORANDUM


AND

## APPLICATION FORM

# Principal Tax Savings Fund

An open-ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit

(Offer of units at applicable NAV based price)

This product is suitable for investors who are seeking~-	
<ul style="list-style-type: none"> <li>• Long term Capital Growth with a three year lock-in.</li> <li>• Investment in equity &amp; equity related securities including equity derivatives of companies across market capitalization.</li> </ul>	 <p>Investors understand that their principal will be at moderately high risk</p>
~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.	

**Principal Asset Management Private Limited**  
(formerly known as Principal Pnb Asset Management Company Private Limited)  
Investment Manager to Principal Mutual Fund

Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, India.

### Principal Mutual Fund

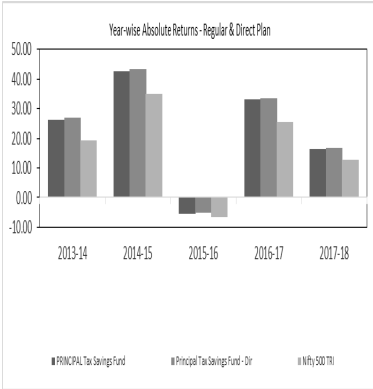
Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.

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

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

<b>Name of the scheme</b>	Principal Tax Savings Fund											
<b>Investment Objective</b>	To build a high quality growth-oriented portfolio to provide long-term capital gains to the investors. The scheme aims at providing returns through capital appreciation.											
<b>Type of the scheme</b>	An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit											
<b>Asset Allocation Pattern of the scheme</b>	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th>Instruments</th> <th>Normal Allocation % of Net Assets</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity Linked Instruments</td> <td>Not less than 80%</td> <td>High</td> </tr> <tr> <td>Debt securities (*including securitised debt) &amp; Money market instruments</td> <td>Upto 20%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>The Scheme may invest upto 50% of the net assets of the Scheme in derivatives.  * Investment in Securitised Debt may be up to 20% of the net assets of the Scheme.  The AMC further reserves the right to invest in foreign securities and derivatives subject to SEBI/RBI or any other Regulatory Authorities permitted from time to time.  Subject to the SEBI Regulations, the Mutual Fund may deploy upto 50% of its total net assets of the Scheme in Stock Lending.</p>			Instruments	Normal Allocation % of Net Assets	Risk Profile	Equity and Equity Linked Instruments	Not less than 80%	High	Debt securities (*including securitised debt) & Money market instruments	Upto 20%	Low to Medium
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<b>Risk Profile of the Scheme</b>	<p>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:</p> <p>Prices of equity securities rise and fall in response to a number of factors including events that impact entire financial markets or industries (for example, changes in inflation or consumer demand) as well as events impacting a particular issuer (for example, news about the success or failure of a new product). The Securities purchased by the Scheme present greater opportunities for growth because of high potential earnings growth, but may also involve greater risks than securities that do not have the same potential. The Scheme may invest in companies with limited product lines, markets or financial resources. As a result, these securities may change in value more than those of larger, more established companies. As the value of the securities owned by the Scheme changes, the Scheme unit price changes. In the short-term, the price can fluctuate dramatically. As with all Mutual Funds, as the value of the scheme's assets rise and fall, the Scheme unit price changes. If the units are redeemed when their value is less than the price paid for, money may be lost by the unitholder.</p>											
<b>Risk Mitigation Factors</b>	<ol style="list-style-type: none"> <li>Risk mitigation factors for investments associated with equities: <ul style="list-style-type: none"> <li>Focused risk management with an endeavour to ensure adequate safeguards for controlling risks during portfolio construction.</li> <li>Reducing risks through portfolio diversification, taking care however not to dilute returns of the scheme(s).</li> <li>Use derivatives and hedging products as permitted as RBI/SEBI to protect the value of portfolio.</li> <li>Implement exposure limits which may be varied from time to time. In case of Equity funds, restricting the exposure to any industry (as defined in AMFI classification) as a percentage of the portfolio at any point of time.</li> <li>Portfolio shall be maintained in such a manner so as to provide necessary liquidity (after considering inflows and redemptions).</li> <li>Due diligence of a company so as to minimize stock specific risks.</li> </ul> </li> <li>Risk mitigation factors for investments associated with Debt and/or Money Market Instruments: <ul style="list-style-type: none"> <li>Rigorous in-depth credit evaluation of the securities proposed to be invested focussing on analysis of fundamentals of the company, company's financials and the quality of management.</li> <li>Use derivatives and hedging products to protect the value of portfolio.</li> <li>To invest over a range of companies, groups as well as industries in accordance with SEBI Regulations with an endeavour to reduce risk using diversification.</li> <li>Having appropriate portfolio turnover to meet cash flow requirements, adjustments relating to average maturity of the assets held, change or an anticipated change in the credit worthiness of the investee companies.</li> <li>Control credit risk by investing in rated papers of the companies having strong fundamentals, sound financial strength and superior quality of management.</li> </ul> </li> </ol>											

	<ul style="list-style-type: none"> <li>Reduce Liquidity Risk by investing in CBLO and other such similar short term highly liquid instruments.</li> </ul>						
<b>Investment Plans &amp; Options</b>	Regular Plan & Direct Plan. Each of these Plans offers Growth and Half Yearly Dividend Option.						
<b>Investment Strategy</b>	The scheme will invest its assets in a portfolio of equity and equity related instruments. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. The aim will be to build a diversified portfolio across major industries and economic sectors by using "fundamental analysis" as its selection process.						
<b>Applicable NAV</b> (after the scheme opens for repurchase and sale)	<p>For Subscription / Switch –in / Sweep:</p> <p>(a) In respect of valid applications received upto 3.00 pm with a local cheque or demand draft payable at par at the repurchase and sale) Official Points of Acceptance of Transactions where it is received, the closing NAV of the day of receipt of application shall be applicable;</p> <p>(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.</p> <p>In respect of purchase/switch-in in any of the above mentioned Schemes for an amount equal to or more than Rs 2 Lakhs, the closing NAV (Net Asset Value) of the day shall be applicable subject to realisation of the funds upto 3.00 p.m. and receipt of application (duly time stamped).</p> <p>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 ` 2 Lakh on the same business day, such application shall be consolidated at PAN level irrespective of the number of the total application amount of Rs 2 Lakh and above to determine the NAV applicability.</p> <p><b>For Redemptions / Switch-out:</b></p> <p>(a) In respect of valid applications received upto 3.00 p.m. at the Official Points of Acceptance of Transactions, the closing NAV of the day of receipt of application shall be applicable; and</p> <p>(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.</p> <p>The above cut-off timings shall also be applicable to investment made through "Sweep" mode available in the Dividend Option.</p> <p>Cut off time as mentioned above shall be reckoned at the Official Points of Acceptance of transactions as disclosed in the Scheme Information Document, KIM and the web-site, <a href="http://www.principalindia.com">www.principalindia.com</a></p>						
<b>Minimum Application Amount / Number of Units</b>	<table border="1"> <thead> <tr> <th>Purchase</th> <th>Additional Purchase</th> <th>Repurchase</th> </tr> </thead> <tbody> <tr> <td>Rs 500 and any amount thereafter</td> <td>Rs 500 and any amount thereafter</td> <td>Rs 500/- or 50 units</td> </tr> </tbody> </table>	Purchase	Additional Purchase	Repurchase	Rs 500 and any amount thereafter	Rs 500 and any amount thereafter	Rs 500/- or 50 units
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<b>Dispatch of Redemption Proceeds</b>	Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund						
<b>Comparison of open-ended schemes</b>	The scheme initially launched as Tax I-NIT'96 by IDBI Mutual Fund is an open ended equity linked savings scheme which seeks to identify stocks which can provide capital appreciation in the long term. Investments in the scheme are eligible for tax benefit under section 80C of Income Tax Act 1961.						
<b>Dividend Policy</b>	Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.						
<b>Benchmark Index</b>	Nifty 500 Index						
<b>Folio Count &amp; AUM (As on Sep. 30, 2018)</b>	Folio - 78,724 • AUM – Rs. 373.87 Crores						
<b>Fund Manager &amp; Managing the Current Fund from</b>	Mr. P.V.K. Mohan - September 2010 (Tenure of the Fund Manager - 8years)						
<b>Total Investment Experience</b>	25 years						

<b>Name of the Trustee Company</b>	Principal Trustee Company Private Limited																																																
<b>PERFORMANCE OF THE SCHEME:</b>	Returns (%) of Growth Option under Regular Plan and Direct Plan as at Sep. 28, 2018				Absolute Returns for each financial year for the last 5 years 																																												
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<b>PORTFOLIO - Top 10 Holdings</b> (As on Sep. 30, 2018)		<b>SECTOR ALLOCATION - Top 10</b> (As on Sep. 30, 2018)		<b>*PORTFOLIO TURNOVER RATIO</b> (As on Sep. 30, 2018)	<b>0.37</b>																																												
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<b>(i) Load Structure :</b>	<b>Exit Load:</b> NIL.																																																
<b>(ii)Recurring Expenses:</b>	<p><b>Annual Recurring expenses as a percentage of Daily Net Assets:</b>  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.</p> <p>The estimated expenses under the Regular and Direct Plan\$ of the Scheme, is as per the table below:</p>																																																

Nature of Expense	% of daily Net Assets
Investment Management and Advisory Fees	Upto 2.50%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Goods and Services Tax on expenses other than investment and advisory fees	
Goods and Services Tax on brokerage* and transaction cost	
Other Expenses	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)</b>	<b>Upto 2.50%</b>
Additional expenses under regulation 52 (6A) (c)^	Upto 0.05%
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 2.50% of the daily net assets. The AMC reserves the right to change the estimates; both inter se or in total, subject to prevailing SEBI Regulations.

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

The 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	2.50%	0.05%	0.30%
Next Rs. 300 crores	2.25%	0.05%	0.30%
Next Rs. 300 crores	2.00%	0.05%	0.30%
Balance of assets over and above Rs. 700 crores	1.75%	0.05%	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(s) 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 0.05% of the daily net assets of the scheme or as specified by the Board.

“Provided that such additional expenses shall not be charged to the schemes where the exit load is not levied or applicable.”

	<p>Additional expenses incurred towards different heads mentioned under sub-regulation 52(2) &amp; 52(4) of the Regulation not exceeding 0.20% of the daily net assets of the scheme.</p> <p>AMC may charge Goods and Services Tax on investment and advisory fees of the scheme in addition to the maximum limit of TER as per the Regulation 52(6) and (6A).</p> <p>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 -</p> <p>(a) Goods and Services Tax on expenses other than investment and advisory fees, if any;  (b) *Goods and Services 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 Goods and Services 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.</p> <p>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.</p> <p>The mutual fund would update the current expense ratios on the website at least three working days prior to the effective date of the change. Additionally, AMCs shall upload the TER details on the website under the below link:  <a href="https://www.principalindia.com/downloads-disclosures.aspx">https://www.principalindia.com/downloads-disclosures.aspx</a></p> <p>Subject to the SEBI Regulations and this Document, expenses over and above the prescribed ceiling will be borne by the AMC and/or by Sponsor and/or Trust. The Fund shall strive to reduce the level of these expenses so as to keep them well within the maximum limits currently allowed by SEBI and any revision in the said expenses limits by SEBI would be applicable.</p>
<b>(iii)Actual Expenses:#</b> (For the previous Financial Year 2017-2018)	<b>Direct Plan – 2.42% • Regular Plan – 2.88%</b> #Expense ratio includes Goods and Service tax on Management Fees over and above TER and Additional B15 Exp ratio.
<b>Waiver of Load for Direct Applications</b>	Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no entry load shall be charged for all Mutual Fund Scheme(s). Therefore, the procedure for waiver of load for direct applications is no longer applicable.
<b>Tax treatment for the Investors (Unitholders)</b>	Investors are advised to refer to the details in the Statement of Additional Information and also independently consult their tax advisor.
<b>Daily Net Asset Value (NAV) Publication</b>	The NAV of the Scheme will be calculated on all Business Days. The same would also be updated on AMFI website by 9.00p.m on all Business Days. The NAV can also be viewed on the website of the Mutual Fund i.e. <a href="http://www.principalindia.com">www.principalindia.com</a> .
<b>For Investor Grievances Please Contact</b>	<b>Principal Mutual Fund:</b> Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051. TOLL FREE: 1800 425 5600. Fax: +91 22 6772 0512. E-mail: <a href="mailto:customer@principalindia.com">customer@principalindia.com</a> <b>Registrar: Karvy Computershare Pvt. Ltd. (Unit: Principal Mutual Fund),</b> Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032. • <a href="http://www.karvycomputershare.com">www.karvycomputershare.com</a>
<b>Unitholders' Information:</b>	<b>Account Statement:</b> An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of receipt of valid application to the Unit holders registered e-mail

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

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

**Portfolio Statement:** The Annual financial results of the Schemes or an abridged summary thereof shall be provided to all unitholders within 4 months from the date of the closure of the relevant accounts i.e. March 31 each year. Half Yearly unaudited financial results shall be hosted on our website - [www.principalindia.com](http://www.principalindia.com) within one month from the close of each half year (i.e. 31st March and 30th September). The Fund shall disclose portfolio (along with ISIN) as on the last day of the month/ half-year for the Scheme on its website [www.principalindia.com](http://www.principalindia.com) and on the website of AMFI within 10 days from the close of each month/ half-year respectively in a user friendly and downloadable format. Mutual Fund/ AMC shall provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.

For more details, please refer the Scheme Information Document (SID) and Statement of Additional Information (SAI).



**PRODUCT DIFFERENTIATION**

<b>Comparison of certain features of Principal Tax Savings Fund vis-a-vis other existing open-ended Equity/Index/Equity Linked Savings Schemes of Principal Mutual fund</b>				
<b>Scheme Name</b>	<b>Principal Focused Multicap Fund</b>			<b>Principal Multi Cap Growth Fund</b>
<b>Investment Objective</b>	The Investment Objective of the scheme would be to provide capital appreciation and /or dividend distribution by investing in companies across market capitalization.			To achieve long – term capital appreciation.
<b>Asset Allocation Pattern</b>	Under normal circumstances, the asset allocation would be as follows:			Under normal circumstances, the asset allocation would be as follows:
	<b>Type of instrument</b>	<b>Normal Allocation (% of Net Assets)</b>		<b>Risk Profile</b>
		<b>Minimum</b>	<b>Maximum</b>	
	Equity and Equity Related Instruments*	65	100	High
	Debt (including securitised debt**), Money Market instruments and Cash and Cash Equivalents	0	35	Low to Medium
	*Investment in maximum 30 stocks across Market Capitalisation.			
	** Investment in Securitised Debt may be up to 35% of the net assets of the Scheme.			
	The cumulative gross exposure to equity, equity related instruments, debt, money market instruments and derivatives shall not exceed 100% of the net assets of the scheme.			
	The Asset Management Company (AMC) reserves the right to invest in Derivatives upto 50% of the net assets of the Scheme.			
	The AMC further reserves the right to invest in foreign securities and derivatives subject to SEBI/RBI or any other Regulatory Authorities permitted from time to time. The scheme may invest upto 30% in foreign securities, ADR's and GDRs, subject to SEBI / RBI or any other Regulatory Authorities permitted from time to time.			
		<b>Normal Allocation (% of Net Assets)</b>		<b>Risk Profile</b>
		<b>Minimum</b>	<b>Maximum</b>	
	Equity and Equity Related Instruments	65	100	High
	Debt (including securitised debt*) and Money market instruments	0	35	Low to Medium
	* Investment in Securitised Debt may be up to 35% of the net assets of the Scheme			
	The Asset Management Company (AMC) reserves the right to invest in Derivatives upto 50% of the net assets of the Scheme.			

	<p>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. Subject to the SEBI Regulations, the Mutual Fund may deploy upto 20% of its total net assets of the Scheme in Stock Lending.</p> <p>The Scheme may invest upto 25% in stocks listed on SME platform of BSE and NSE.</p> <p>The Scheme does not seek to participate in repo/reverse repo in corporate debt securities.</p> <p>The Scheme does not seek to participate in credit default swaps.</p>	
Investment Strategy	The Scheme proposes to invest in equity and equity related securities. The portfolio will have no more than 30 stocks. It will be a multicap fund.	<p>The scheme will invest its assets in a portfolio of equity and equity related instruments. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. Companies selected for the portfolio which in the opinion of the AMC would possess some of the characteristics mentioned below:</p> <ul style="list-style-type: none"> <li>– Superior management quality</li> <li>– Distinct and sustainable competitive advantage</li> <li>– Good growth prospects and</li> <li>– Strong financial strength</li> </ul> <p>The aim will be to build a diversified portfolio across major industries and economic sectors by using “Fundamental Analysis” approach as its selection process.</p>
AUM in Rs. Cr. (Sep 30, 2018)	301.11	677.06
No. of Folios (Sep 30, 2018)	35133	83560
Differentiation	The Scheme is a Focused equity scheme that will invest in not more than 30 Stocks across market capitalization.	The Scheme is a diversified equity scheme that invests across sectors to generate long term capital appreciation.
<b>Scheme Name</b>	<b>Principal Emerging Bluechip Fund</b>	<b>Principal Personal Tax Saver Fund</b>
Investment Objective	The primary objective of the Scheme is to achieve long-term capital appreciation by investing in equity & equity related instruments of large cap & midcap companies.	To provide long term growth of capital. The Investment Manager will aim to achieve a return on assets in excess of the performance of S&P BSE 100 Index.
Asset Allocation Pattern	Under normal circumstances, the asset allocation would be as follows:	Under normal circumstances, the asset allocation would be as follows:

Type of instrument	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
(1) Equity & equity related instruments of Large Cap companies*	35	65	High
(2) Equity & equity related instruments of Midcap companies*	35	65	High
(3) Equity & equity related instruments of Companies other than Large and Midcap companies*	0	30	High
(4) Debt (including securitised debt**), Money Market instruments and Cash and Cash Equivalent	0	30	Low to Medium

\*The fund will predominantly invest in large and midcap stocks. This market cap ranges will be determined as per prevailing SEBI/ AMFI guidelines.

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

The cumulative gross exposure to equity, equity related instruments, debt, money market instruments and derivatives shall not exceed 100% of the net assets of the scheme.

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

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

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

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

	<p>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. Subject to the SEBI Regulations, the Mutual Fund may deploy upto 20% of its total net assets of the Scheme in Stock Lending.</p> <p>The Scheme may invest upto 15% in ETFs#</p> <p>The Scheme may invest upto 30% in stocks listed on SME platform of BSE and NSE.</p> <p>The scheme may invest upto 30% in foreign securities, ADR's and GDRs, subject to SEBI / RBI or any other Regulatory Authorities permitted from time to time.</p> <p>The Scheme does not seek to participate in repo/reverse repo in corporate debt securities and credit default swaps.</p> <p># <u>ETFs Risk Disclosure</u> - To the extent that the Scheme is invested in ETFs, the Scheme will be subject to all risks associated with such ETFs and the underlying assets that it is tracking. The Scheme can purchase/redeem units of ETFs only through stock exchanges on which such ETFs are listed and not directly through a mutual fund. Thus there could be a liquidity issue. The units of ETF may trade above (at a premium) or below (at a discount) the scheme's net asset value (NAV). The price of the units of an ETF's is influenced by the forces of supply and demand. Thus the Scheme may not be able to purchase/redeem units of an ETF at the applicable NAVs.</p>	
Investment Strategy	<p>The investment strategy of the fund will be based on market cap of the stocks. The fund will predominantly invest in large and midcap stocks. This market cap ranges will be determined as per prevailing SEBI / AMFI guidelines. Stocks selection will be primarily on bottom up approach on stock-by-stock basis. As part of its objective of maximizing investor's wealth creation potential over the longer duration, the fund may also invest in equity and equity related instruments of unlisted companies in line with SEBI regulations. A part of the portfolio may also tap arbitrage opportunities in the domestic markets like equity &amp; equity related instruments, convertible preference shares, and convertible debentures. The Scheme intends to invest in derivatives not exceeding 50% of the net assets of the Schemes, subject to the limits as specified from time to time for hedging and rebalancing purposes or to undertake any other strategy as permitted under SEBI Regulations from time to time.</p>	<p>The strategy will be to allocate the assets of the Scheme between permissible securities in line with the portfolio profile described above, with the objective of achieving capital appreciation. The actual percentage of investment in various securities will be decided by the Fund Manager(s) within the limits specified in the Investment Pattern after considering the macroeconomic conditions including the prevailing political conditions, the economic environment (including interest rates and inflation) and to adhere to the need for a diversified portfolio in accordance with the applicable guidelines. The Fund Managers will follow an active investment strategy depending on the market situation and opportunities available at various points of time.</p>
AUM in Rs. Cr (Sep 30, 2018)	1837.59	272.80
No. of Folios (Sep 30, 2018)	159137	86455
Differentiation	The Scheme is an equity scheme that invests in large cap & midcap companies to generate long term capital appreciation.	The Scheme is an equity scheme that aim to generate long term capital appreciation.

		Investors enables to get income tax rebate as per the prevailing Tax Laws, subject to lock in period of 3 years from the date of allotment.																							
<b>Scheme Name</b>	<b>Principal Dividend Yield Fund</b>	<b>Principal Tax Savings Fund</b>																							
<b>Investment Objective</b>	The investment objective of the scheme would be to provide capital appreciation and/or dividend distribution by investing predominantly in a well-diversified portfolio of companies that have a relatively high dividend yield.	To build a high quality growth-oriented portfolio to provide long-term capital gains to the investors. The scheme aims at providing returns through capital appreciation.																							
<b>Asset Allocation Pattern</b>	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <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> </thead> <tbody> <tr> <td>Equity and Equity related instruments of High Dividend Yield companies*</td> <td>65</td> <td>100</td> <td>High</td> </tr> <tr> <td>Debt and Money Market Instruments (including Units of Debt/ Liquid Mutual Fund Schemes and Cash)</td> <td>0</td> <td>35</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>* High Dividend Yield Companies are defined as Companies whose dividend yield, at the time of investment, is equal to or higher than the dividend yield of the Company with the lowest dividend yield in the Nifty Dividend Opportunities 50 Index, ascertained as at the close of previous trading day.</p> <p>The scheme intends to use derivatives for purposes that may be permitted by SEBI (Mutual Funds) Regulations, 1996 from time to time. The scheme shall have a maximum net derivatives position up to 50% of the portfolio.</p>	Type of Instrument	Normal Allocation (%) of Net Assets		Risk Profile	Minimum	Maximum	Equity and Equity related instruments of High Dividend Yield companies*	65	100	High	Debt and Money Market Instruments (including Units of Debt/ Liquid Mutual Fund Schemes and Cash)	0	35	Low to Medium	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th>Types of Instruments</th> <th>Normal Allocation (%) of Net Assets</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity Linked Instruments</td> <td>Not less than 80%</td> <td>High</td> </tr> <tr> <td>Debt securities (*including securitised debt) and Money market instruments</td> <td>Upto 20%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>The Scheme may invest up to 50% of the net assets of the Scheme in derivatives.</p> <p>*Investment in Securitised Debt may be up to 20% of the net assets of the Scheme.</p>	Types of Instruments	Normal Allocation (%) of Net Assets	Risk Profile	Equity and Equity Linked Instruments	Not less than 80%	High	Debt securities (*including securitised debt) and Money market instruments	Upto 20%	Low to Medium
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Equity and Equity Linked Instruments	Not less than 80%	High																							
Debt securities (*including securitised debt) and Money market instruments	Upto 20%	Low to Medium																							
<b>Investment Strategy</b>	The scheme would invest pre-dominantly (at least 65% of the net assets) in companies that have a relatively high dividend yield, at the time of making the investment. The Fund is defining dividend yield as "high" if the security is either constituent of the Nifty Dividend Opportunities 50 Index, or, has a dividend	The scheme will invest its assets in a portfolio of equity and equity related instruments. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. The aim will be to build a diversified portfolio across major																							

	yield higher than that of the Nifty 50 on the earlier trading day, at the time of investment.	industries and economic sectors by using “fundamental analysis” as its selection process.															
AUM in Rs. Cr. (Sep 30, 2018)	193.20	373.87															
No. of Folios (Sep 30, 2018)	29165	78724															
Differentiation	The Scheme is an equity scheme that invest predominantly in a high dividend yield companies.	The Scheme is a diversified equity scheme that invests across sectors to generate long term capital appreciation. Investors enables to get income tax rebate as per the prevailing Tax Laws, subject to lock in period of 3 years from the date of allotment.															
<b>Scheme Name</b>	<b>Principal Nifty 100 Equal Weight Fund</b>																
Investment Objective	To invest principally in securities that comprise Nifty 100 Equal Weight Index and subject to tracking errors endeavour to attain results commensurate with the Nifty 100 Equal Weight Index.																
Asset Allocation Pattern	<p>Under normal circumstances, the asset allocation would be as follows:</p> <p>The Asset Management Company reserves the right to invest in derivatives up to 50% of the net assets of the Scheme</p> <table border="1"> <thead> <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> </thead> <tbody> <tr> <td>Nifty 100 Equal Weight Index Stocks</td> <td>95</td> <td>100</td> <td>High</td> </tr> <tr> <td>Money Market Instruments</td> <td>0</td> <td>5</td> <td>Low</td> </tr> </tbody> </table> <p>The Asset Management Company reserves the right to invest in derivatives up to 50% of the net assets of the Scheme</p> <p>Subject to the SEBI Regulations, the Mutual Fund may deploy upto 20% of its total net assets of the Scheme in Stock Lending.</p>			Type of instrument	Normal Allocation (% of Net Assets)		Risk Profile	Minimum	Maximum	Nifty 100 Equal Weight Index Stocks	95	100	High	Money Market Instruments	0	5	Low
Type of instrument	Normal Allocation (% of Net Assets)		Risk Profile														
	Minimum	Maximum															
Nifty 100 Equal Weight Index Stocks	95	100	High														
Money Market Instruments	0	5	Low														
Investment Strategy	<p>The scheme has been designed with the intention of tracking the movement of securities (from time to time) included in the Nifty 100 Equal Weight Index. The Scheme plans to do this by investing the entire corpus in the stocks that comprise the Nifty 100 Equal Weight Index in weights similar to the weightage given by Nifty 100 Equal Weight Index so that the portfolio would appreciate or depreciate (subject to tracking errors) more or less in the same manner as the Nifty 100 Equal Weight Index.</p> <p>Subject to the requirements of cash flows to meet the recurring expenses and to service investors who decide to exit from the Scheme or for distribution of income, if any, to investors, it is proposed that the corpus of the scheme will be invested in the Nifty 100 Equal Weight Index securities. It is also proposed that disinvestment will take place only when investors exit from the Scheme or when any security ceases to be included in the Nifty 100 Equal Weight Index or to meet the cash flow requirements.</p> <p>The NIFTY100 Equal Weight Index comprises of same constituents as NIFTY 100 Index (free float market capitalization based Index). The NIFTY 100 tracks the behaviour of combined portfolio of two indices viz. NIFTY 50 and NIFTY Next 50. Each constituent in NIFTY100 Equal Weight Index is allocated fixed equal weight at each re-balancing.</p> <p>The Nifty 100 Equal Weight Index is at present being managed by IISL.</p>																

AUM in Rs. Cr. (Sep 30, 2018)	16.94
No. of Folios (Sep 30, 2018)	914
Differentiation	The scheme is a passively managed index fund, which would invest in all the stocks comprising Nifty 100 Equal Weight Index in the similar proportion as their weightage in the index.