

Half Yearly Portfolio Statement of the Schemes of Principal Mutual Fund as on September 30, 2006

(Pursuant to Regulation 59A of SEBI (Mutual Funds) Regulations, 1996)

Principal Growth Fund

Name of Instrument	Industry / Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Equity & Equity Related Instruments - A) Listed / Awaiting listing on the stock exchanges				
Bharti Airtel Ltd	Telecom - Services	313,963	1,473.27	4.42
Infosys Technologies Ltd	Software	75,838	1,402.74	4.21
Grasim Industries Ltd	Cement	54,000	1,363.34	4.09
Associated Cement Companies Ltd	Cement	131,261	1,304.01	3.91
Reliance Communications Ltd	Telecom - Services	364,000	1,261.62	3.79
Hindustan Lever Ltd	Consumer Non Durables	485,916	1,249.53	3.72
Oil & Natural Gas Corporation Ltd	Oil	105,884	1,238.68	3.75
ABB Ltd	Industrial Capital Goods	41,600	1,215.76	3.65
Reliance Industries Ltd	Petroleum Products	103,202	1,209.27	3.65
Reliance Industries Ltd	Pharmaceuticals	425,000	1,115.83	3.35
ICICI Bank Ltd	Banks	145,000	1,014.42	3.04
Bharat Heavy Electricals Ltd	Industrial Capital Goods	37,964	910.68	2.73
Greaves Cotton Ltd	Industrial Products	270,324	897.07	2.69
Maharashtra Seamless Ltd	Ferrous Metals	235,824	892.95	2.68
Gujarat Ambuja Cement Ltd	Cement	755,000	882.22	2.65
Dr. Reddy's Laboratories Ltd	Pharmaceuticals	112,202	820.65	2.46
CESC Ltd	Power	243,410	745.81	2.24
Ashok Leyland Ltd	Auto	1,640,000	738.82	2.22
UTI Bank Ltd	Banks	189,700	719.34	2.16
Indian Overseas Bank	Banks	652,355	714.98	2.15
Housing Development Finance Corporation Ltd	Finance	44,118	676.40	2.03
Nagarjuna Construction Co. Ltd	Construction	416,200	651.44	1.98
Indian Hotels Co. Ltd	Hotels	42,205	584.48	1.75
Crompton Greaves Ltd	Industrial Capital Goods	228,105	562.05	1.69
KEI Industries Ltd	Industrial Products	170,625	544.64	1.63
K E C International Ltd	Power	200,481	525.16	1.58
Satyam Computers Services Ltd	Software	64,000	523.78	1.57
Jaiprakash Associates Ltd	Construction	103,000	489.77	1.47
State Bank of India	Banks	45,000	462.89	1.39
E.I.D Parry (India) Ltd	Consumer Non Durables	271,899	442.38	1.33
Bajaj Auto Ltd	Auto	14,317	428.99	1.29
Ramsarup Industries Ltd	Ferrous Metals	358,300	428.53	1.29
Indian Oil Corporation Ltd	Petroleum Products	80,000	418.00	1.25
Mahindra & Mahindra Ltd	Auto	69,200	409.42	1.23
I T C Ltd	Consumer Non Durables	211,000	396.05	1.19
Bharat Electronics Ltd	Industrial Capital Goods	32,663	378.06	1.13
Lakshmi Machine Works Ltd	Industrial Capital Goods	1,401	355.21	1.07
D.S. Kulkarni Developers Ltd	Construction	139,426	352.40	1.06
Unity Infra Projects Ltd	Construction	58,977	335.79	1.01
Larsen & Toubro Ltd	Industrial Capital Goods	22,408	285.13	0.86
IVRCL Infrastructure & Projects Ltd	Construction	111,600	283.24	0.85
Patel Engineering Ltd	Construction	63,344	206.50	0.62
Voltamp Transformers Ltd	Industrial Capital Goods	45,000	203.60	0.61
Rajshree Sugar & Chemicals Ltd	Consumer Non Durables	186,752	197.49	0.59
Hindustan Zinc Ltd	Non Ferrous Metals	31,000	184.02	0.55
Wipro Ltd	Software	34,255	179.80	0.54
Punjab National Bank	Banks	143,92	143.92	0.43
Total			31,829.93	95.53
B) Privately Placed / Unlisted[#]				
Sangam Health Care Products Ltd	Health Care Equipment	200,000	0.02	***
Virtual Dynamics Software Ltd	IT Consulting & Services	176,305	0.02	***
Balmer Lawrie Freight Containers Ltd	Travel	54,000	0.01	***
Mohit Paper Mills Ltd	Paper Products	108,000	0.01	***
Mukerian Papers Ltd	Paper Products	50,800	0.01	***
Niyat Sam Apparel (India) Ltd	Textiles	91,200	0.01	***
Noble Brothers Impex Ltd	Personal Products	93,200	0.01	***
Sangeeta Granites Ltd	Construction Materials	100,000	0.01	***
Crescent Finstock Ltd	Diversified Financial Services	39,500	-	-
Precision Fasteners Ltd	Auto Parts & Equipment	200	-	-
Total			0.10	0.00
II. Money Market Instruments				
i) Certificate of Deposit				
ICICI Bank Ltd	A1+	1,000,000	986.49	2.96
Total			986.49	2.96
ii) Commercial Paper				
IDBI Home Finance Ltd	A1+	900,000	899.66	2.70
Tata Motors Ltd	P1+	500,000	498.93	1.50
Total			1,398.59	4.20
III. Cash & Cash Equivalents			57.24	0.17
IV. Other Receivables / (Payables)			(949.35)	(2.86)
Net Assets			33,323.00	100.00

Principal Focussed Advantage Fund

Name of Instrument	Industry / Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Equity & Equity Related Instruments - A) Listed / Awaiting listing on the stock exchanges				
KPIIT Cummins Infosystems Ltd	IT	93,486	393.06	5.29
Infosys Technologies Ltd	IT	18,980	351.06	4.72
Reliance Industries Ltd	Energy	28,750	336.88	4.53
Oil & Natural Gas Corporation Ltd	Energy	28,199	329.89	4.44
Hindustan Lever Ltd	Consumer Goods	120,506	309.88	4.17
ICICI Bank Ltd	Financial Services	43,000	300.83	4.05
Greaves Cotton Ltd	Industrial Manufacturing	87,973	291.94	3.93
ABB Ltd	Industrial Manufacturing	8,400	245.49	3.30
UTI Bank Ltd	Financial Services	64,500	244.58	3.29
HDFC Bank Ltd	Financial Services	25,200	233.19	3.14
Bharat Heavy Electricals Ltd	Industrial Manufacturing	9,114	218.63	2.94
Ashok Leyland Ltd	Automobile	458,000	206.33	2.78
I T C Ltd	Consumer Goods	107,629	202.02	2.72
Mahindra & Mahindra Ltd	Automobile	29,400	199.95	2.69
Housing Development Finance Corporation Ltd	Financial Services	12,700	194.71	2.62
HCL Technologies Ltd	IT	35,000	192.57	2.59
Voltamp Transformers Ltd	Energy	37,992	171.89	2.31
Indian Overseas Bank	Financial Services	155,857	170.82	2.30
CESC Ltd	Energy	52,365	160.45	2.16
Satyam Computers Services Ltd	IT	19,400	158.77	2.14
K E C International Ltd	Power	56,447	147.86	1.99
Crompton Greaves Ltd	Industrial Manufacturing	59,660	147.00	1.98
Larsen & Toubro Ltd	Industrial Manufacturing	10,500	133.81	1.80
Lakshmi Machine Works Ltd	Industrial Manufacturing	442	112.07	1.51
KEI Industries Ltd	Industrial Manufacturing	34,888	111.36	1.50
Punjab National Bank	Financial Services	20,101	105.79	1.42
Indian Oil Corporation Ltd	Energy	20,000	104.50	1.41
Rajshree Sugar & Chemicals Ltd	Consumer Goods	94,773	100.22	1.35
State Bank of India	Financial Services	9,500	97.72	1.32
Rain Calcing Ltd	Energy	240,931	90.95	1.22
Talros Automotive Components Ltd	Automobile	15,559	85.88	1.16
GlaxoSmithline Consumer Healthcare Ltd	Consumer Goods	52,644	85.49	1.15
E.I.D Parry (India) Ltd	Consumer Goods	84,64	84.64	1.14
Bajaj Auto Ltd	Automobile	2,468	73.56	1.00
Bharat Electronics Ltd	Industrial Manufacturing	6,050	70.03	0.94
SREI Infrastructure Finance Ltd	Financial Services	80,000	41.12	0.55
Wipro Ltd	IT	6,000	31.49	0.42
Total			6,536.62	87.97
II. Money Market Instruments				
i) Commercial Paper				
IDBI Home Finance Ltd	A1+	300,000	299.89	4.04
Total			299.89	4.04
III. Cash & Cash Equivalents			96.96	1.33
IV. Other Receivables / (Payables)			495.17	6.66
Net Assets			7,430.64	100.00

Principal Junior Cap Fund

Name of Instrument	Industry / Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Equity & Equity Related Instruments - A) Listed / Awaiting listing on the stock exchanges				
Sterile Industries (India) Ltd	Non Ferrous Metals	90,000	392.99	4.56
Infrastructure Development Finance Company Ltd	Finance	570,000	385.04	4.47
Maharashtra Seamless Ltd	Ferrous Metals	97,814	370.37	4.30
Kotak Mahindra Bank Ltd	Banks	110,000	366.74	4.26
Jindal Steel & Power Ltd	Ferrous Metals	21,000	359.52	4.17
Bharat Electronics Ltd	Industrial Capital Goods	30,700	355.34	4.13
Automotive Axles Ltd	Auto Ancillaries	60,972	331.32	3.85
Jaiprakash Associates Ltd	Construction	69,633	331.10	3.84
Indian Overseas Bank	Banks	300,000	328.80	3.82
Phoenix Mills Ltd	Construction	51,281	327.84	3.81
Graphite India Ltd	Industrial Products	111,000	320.46	3.72
Indo Tech Transformers Ltd	Power	184,507	298.72	3.47
Cummins India Ltd	Industrial Products	130,000	298.22	3.46
Bharat Forge Ltd	Industrial Products	80,000	286.84	3.33
Kirloskar Brothers Ltd	Industrial Products	71,356	282.43	3.28
Union Bank of India	Banks	200,000	272.90	3.17
IBP Co. Ltd	Petroleum Products	51,325	271.36	3.15
Lupin Ltd	Pharmaceuticals	57,000	264.20	3.07
HEG Ltd	Industrial Products	177,300	239.20	2.77
Gujarat Industries Power Company Ltd	Power	373,008	227.72	2.64
Raymond Ltd	Textile Products	211,300	211.30	2.45
Bharat Earth Movers Ltd	Industrial Capital Goods	20,000	187.27	2.17
Siemens Ltd	Industrial Capital Goods	17,000	182.50	2.12
Reliance Capital Ltd	Finance - Others	30,000	171.20	1.99
I-Flex Solutions Ltd	Software	9,400	135.08	1.57
Mid-Day Multimedia Ltd	Media & Entertainment	283,000	128.91	1.50
Oswal Chemicals & Fertilizers Ltd	Fertilisers	283,000	128.06	1.49
Ashok Leyland Ltd	Auto	270,000	121.64	1.41
LIC Housing Finance Ltd	Finance - Others	70,000	118.20	1.37
Andhra Bank	Banks	100,000	95.40	1.11
Chennai Petroleum Corporation Ltd	Petroleum Products	43,916	91.02	1.06
Total			7,880.69	91.51
II. Cash & Cash Equivalents			158.66	1.84
III. Other Receivables / (Payables)			573.77	6.85
Net Assets			8,613.12	100.00

Principal Balanced Fund

Name of Instrument	Industry / Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Equity & Equity Related Instruments - A) Listed / Awaiting listing on the stock exchanges				
Grasim Industries Ltd	Cement	4,600	116.14	3.69
Jain Irrigation Systems Ltd	Industrial Products	40,000	110.38	3.51
Infosys Technologies Ltd	Software	5,950	110.05	3.49
Jaiprakash Associates Ltd	Construction	22,500	106.99	3.40
Container Corporation of India Ltd	Transportation	6,291	106.25	3.37
Bharat Heavy Electricals Ltd	Industrial Capital Goods	4,415	105.91	3.36
Crompton Greaves Ltd	Industrial Capital Goods	40,470	99.72	3.17
State Bank of India	Banks	9,408	96.78	3.07
I T C Ltd	Consumer Non Durables	50,000	93.85	2.98
Punjab National Bank	Banks	17,642	92.85	2.95
Greaves Cotton Ltd	Industrial Products	27,115	89.98	2.86
K E C International Ltd	Power	34,026	89.13	2.83
Pfizer Ltd	Pharmaceuticals	9,571	88.15	2.80
Hindustan Lever Ltd	Consumer Non Durables	34,000	87.43	2.78
Oil & Natural Gas Corporation Ltd	Oil	6,665	77.97	2.48
Mahindra & Mahindra Ltd	Auto	11,002	74.82	2.38
Tata Metals Ltd	Ferrous Metals	50,000	73.43	2.33
Novartis India Ltd	Pharmaceuticals	15,500	71.79	2.28
SREI Infrastructure Finance Ltd	Finance	132,332	68.33	2.17
Agro Tech Foods Ltd	Consumer Non Durables	70,000	63.04	2.00
Mahavir Spinning Mills Ltd	Textiles - Cotton	23,250	63.03	2.00
Rain Calcing Ltd	Petroleum Products	130,000	49.08	1.56
E.I.D Parry (India) Ltd	Consumer Non Durables	30,000	48.81	1.55
Hindustan Construction Company Ltd	Construction	40,000	42.54	1.35
Reliance Communications Ltd	Telecom - Services	11,100	38.47	1.22
Unity Infra Projects Ltd	Construction	6,642	37.82	1.20
Tantia Constructions Ltd	Construction	17,936	25.32	0.80
Voltamp Transformers Ltd	Industrial Capital Goods	4,269	19.32	0.61
D.S. Kulkarni Developers Ltd	Construction	3,047	7.70	0.24
Tech Mahindra Ltd	Software	991	6.13	0.19
Reliance Energy Ltd	Power	1	0.00	***
Total			2,161.21	66.62
II. Debt Instruments				
A) Privately Placed / Unlisted^{**}				
i) Securitised Debt				
RPS Securitisation Trust (Tata Tele Services)	LAAS(SO)	1,000,000	79.95	2.54
Total			79.95	2.54
III. Money Market Instruments				
i) Certificate of Deposit				
ICICI Bank Ltd	A1+	400,000	386.95	12.29

Half Yearly Portfolio Statement of the Schemes of Principal Mutual Fund as on September 30, 2006 (Contd.)

Principal Dividend Yield Fund

Name of Instrument	Industry / Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Equity & Equity Related Instruments -				
A) Listed / Awaiting listing on the stock exchanges				
Oil & Natural Gas Corporation Ltd	Oil	92,049	1,076.84	5.17
Tata Chemicals Ltd	Fertilisers	379,000	913.96	4.25
Varun Shipping Company Ltd	Transportation	1,176,388	885.23	4.25
Tamil Nadu Newsprint & Papers Ltd	Paper	897,682	857.74	4.12
Cummins India Ltd	Industrial Products	809,778	809.78	3.89
Allahabad Bank	Banks	826,000	731.84	3.51
Greaves Cotton Ltd	Industrial Products	207,525	688.67	3.23
Glaucosmthline Pharma Ltd	Pharmaceuticals	54,604	672.99	3.23
Steel Authority of India Ltd	Ferrous Metals	844,938	658.63	3.16
Ashok Leyland Ltd	Auto	1,422,073	640.64	3.08
Hindustan Lever Ltd	Consumer Non Durables	248,690	639.51	3.07
Chambal Fertilisers & Chemicals Ltd	Fertilisers	1,690,268	617.79	2.97
Great Eastern Shipping Company Ltd	Transportation	194,067	599.86	2.88
Andhra Bank	Banks	585,628	568.69	2.88
Gail (India) Ltd	Gas	203,000	534.19	2.57
Andhra Sugars Ltd	Chemicals	373,602	509.97	2.45
Indian Oil Corporation Ltd	Petroleum Products	93,271	487.34	2.34
Procter & Gamble Hygiene and Health Care Ltd	Consumer Non Durables	51,206	462.65	2.22
Deepak Fertilisers & Petrochemicals Corporation Ltd	Fertilisers	502,931	439.06	2.11
Indian Overseas Bank	Banks	395,357	433.31	2.06
HCL Technologies Ltd	Software	76,105	418.73	2.01
JSW Steel Ltd	Ferrous Metals	144,000	410.98	1.97
Ballarpur Industries Ltd	Paper	321,000	386.00	1.85
Punjab National Bank	Banks	71,901	378.41	1.82
Punjab Tractors Ltd	Auto	154,917	368.24	1.77
Finolex Industries Ltd	Chemicals	344,769	331.84	1.59
Tata Steel Ltd	Ferrous Metals	61,302	328.36	1.58
Godrej Consumer Products Ltd	Consumer Non Durables	166,653	305.47	1.47
Novartis India Ltd	Pharmaceuticals	61,000	282.52	1.36
E.I.D Parry (India) Ltd	Consumer Non Durables	166,208	270.42	1.30
Chennai Petroleum Corporation Ltd	Petroleum Products	125,000	259.06	1.24
Ranbaxy Laboratories Ltd	Pharmaceuticals	56,000	246.09	1.16
Mahanagar Telephone Nigam Ltd	Telecom - Services	148,000	231.29	1.11
Glaucosmthline Consumer Healthcare Ltd	Consumer Non Durables	40,827	223.10	1.07
Bharat Electronics Ltd	Industrial Capital Goods	18,402	212.99	1.02
Royal Orchid Hotels Ltd	Hotels	201,693	192.77	0.97
SREI Infrastructure Finance Ltd	Finance	324,000	166.54	0.80
Sundaram Fasteners Ltd	Auto Ancillaries	109,305	151.06	0.73
Nestle India Ltd	Consumer Non Durables	11,500	122.39	0.59
State Bank of India	Banks	11,000	113.15	0.54
Control India Ltd	Petroleum Products	41,566	91.65	0.44
Apollo Tyres Ltd #	Auto Ancillaries	1,650	-	-
Total			18,719.31	89.89
B) Privately Placed / Unlisted #				
Andur Laminates Ltd	Miscellaneous	200,000	0.02	0.00
Crystal Cable Industries Ltd	Miscellaneous	100,000	0.01	0.00
Tirihammah Company Ltd	Miscellaneous	50,000	0.01	0.00
Volant Textile Mills Ltd	Miscellaneous	75,000	0.01	0.00
Wolfram Paques (India) Ltd	Miscellaneous	900	0.00	0.00
Gujarat Petrosols Ltd	Oil	20,000	0.00	0.00
Kashipur Holdings Ltd	Miscellaneous	50	-	-
Minerva Holding Ltd	Finance - Others	20	-	-
Total			0.05	0.00
II. Money Market Instruments				
i) Commercial Paper				
IDBI Home Finance Ltd	A1+	600,000	599.77	2.88
National Housing Bank	F1+	500,000	499.82	2.40
Tata Motors Ltd	P1+	500,000	498.63	2.40
Total			1,598.22	7.68
III. Cash & Cash Equivalents				
IV. Other Receivables / (Payables)				
Net Assets			20,822.51	100.00

Principal Monthly Income Plan

(An open-ended fund. Monthly Income is not assured and is subject to the availability of distributable surplus.)

Name of Instrument	Industry / Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Equity & Equity Related Instruments -				
A) Listed / Awaiting listing on the stock exchanges				
Grasim Industries Ltd	Cement	1,800	45.44	0.74
Reliance Industries Ltd	Petroleum Products	3,450	40.43	0.66
Voltamp Transformers Ltd	Industrial Capital Goods	8,176	36.99	0.60
Hindustan Lever Ltd	Consumer Non Durables	13,000	33.43	0.55
Bharti Airtel Ltd	Telecom - Services	7,000	32.85	0.54
Rain Calcinring Ltd	Petroleum Products	73,000	27.56	0.45
Thermax Ltd	Industrial Capital Goods	8,200	25.73	0.42
Navneet Publication (India) Ltd	Consumer Non Durables	40,000	25.00	0.41
Bharat Heavy Electricals Ltd	Industrial Capital Goods	975	23.39	0.38
D.S. Kulkarni Developers Ltd	Construction	9,219	23.30	0.38
KPIT Cummins Infosystems Ltd	Software	5,500	23.12	0.38
Royal Orchid Hotels Ltd	Hotels	12,794	22.86	0.37
Tamil Nadu Newsprint & Papers Ltd	Paper	23,000	21.98	0.36
Indian Overseas Bank	Banks	20,000	21.92	0.36
Infosys Technologies Ltd	Software	1,174	21.71	0.35
ICIICI Bank Ltd	Pharmaceuticals	6,000	21.00	0.34
UTI Bank Ltd	Banks	5,500	20.99	0.34
Mahindra & Mahindra Ltd	Banks	3,000	20.40	0.33
State Bank of India	Auto	8,800	18.52	0.30
CESC Ltd	Power	6,000	18.38	0.30
Unity InfraProjects Ltd	Construction	3,161	18.00	0.29
Ramsarup Industries Ltd	Ferrous Metals	15,000	17.94	0.29
Patel Engineering Ltd	Construction	5,449	17.76	0.29
I T C Ltd	Consumer Non Durables	9,000	16.89	0.28
Associated Cement Companies Ltd	Cement	1,600	15.90	0.26
Oil & Natural Gas Corporation Ltd	Oil	1,300	15.21	0.25
Punjab National Bank	Banks	2,750	14.47	0.24
Rajshree Sugar & Chemicals Ltd	Consumer Non Durables	13,500	14.28	0.23
Punjab National Bank	Construction	3,000	14.27	0.23
Gujarat Ambuja Cement Ltd	Cement	12,000	14.02	0.23
Satyam Computers Services Ltd	Software	1,500	12.28	0.20
E.I.D Parry (India) Ltd	Consumer Non Durables	4,500	7.32	0.12
Total			724.20	11.81
II. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges				
i) Government Securities				
7.59% Oil Comp GOI Bonds 2015	Sovereign	300,000	287.10	4.68
Total			287.10	4.68
ii) Non-Convertible Debentures**				
Power Grid Corporation of India Ltd	AAA	450,000	438.43	7.15
Total			438.43	7.15
iii) Floating Rate Notes / Bonds**				
Indian Railway Finance Corporation	AAA	800,000	800.68	13.06
Housing Development Finance Corporation Ltd	AAA	700,000	701.67	11.45
Mahindra & Mahindra Financial Services Ltd	AA+	400,000	400.00	6.53
Mahindra & Mahindra Financial Services Ltd	AA+	300,000	300.00	4.89
Industrial Development Bank of India Ltd	LAA+	100,000	100.07	1.63
Total			2,302.42	37.56
iv) Deep Discount Bonds**				
Kotak Mahindra Prime Ltd	LAA	700,000	562.39	9.18
Total			562.39	9.18
B) Privately Placed / Unlisted**				
i) Non-Convertible Debentures				
Punjab National Bank	MAAA	250,000	251.68	4.11
Total			251.68	4.11
ii) Securitised Debt				
Corporate Loan Securitisation Trust 2005 Series I (KMPL)	LAAA(SO)	7	702.72	11.47
Asset Securitisation Trust Series B (Chola)	AAA(SO)	5	416.66	6.83
VE Trust IX - Series A2 (M&MFLS)	AAA(SO)	2	173.14	2.83
Loan Securitisation Trust (PGC)	AAA(SO)	2	116.80	1.91
BHPC Auto Securitisation Trust Sep 2004 Series A4 (Tata Motors)	AAA(SO)	3	83.46	1.36
Fleet Trust Sep 2003 - A3 (CFL)	MAA(SO)	2	21.72	0.35
Fleet Trust Dec 2003 - A3 (Citicorp)	AAA(SO)	10	7.37	0.12
Mumbai Auto Receivables Trust 2003 Series II - A2 (SCB)	AAA(SO)	4	3.81	0.06
Total			1,527.68	24.93
III. Money Market Instruments				
i) Commercial Paper				
IDBI Home Finance Ltd	A1+	100,000	99.96	1.63
Total			99.96	1.63
IV. Cash & Cash Equivalents				
V. Other Receivables / (Payables)				
Net Assets			6,128.77	100.00

Principal Cash Management Fund - Liquid Option

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
i) Non-Convertible Debentures				
Koan Mahindra Prime Ltd	P1+	2,500,000	2,490.47	0.50
National Bank for Agriculture and Rural Development	AAA	1,500,000	1,501.91	0.30
Total			3,992.38	0.80
ii) Floating Rate Notes / Bonds				
Housing Development Finance Corporation Ltd	AAA	5,900,000	5,914.05	1.18
Citi Financial Consumer Finance India Ltd	AAA	2,500,000	2,508.36	0.50
Industrial Development Bank of India Ltd	LAA+	2,500,000	2,501.79	0.50
Mahindra & Mahindra Financial Services Ltd	AA+	2,500,000	2,500.00	0.50
Cholamandilam DBS Finance Ltd	LAA	2,500,000	2,500.00	0.50
Industrial Development Bank of India Ltd	LAA+	2,300,000	2,301.82	0.46
Export-Import Bank of India	AAA	2,000,000	2,000.17	0.40
Sundaram Finance Ltd	AA+	2,000,000	2,000.00	0.40
Kotak Mahindra Prime Ltd	MAA+	2,000,000	2,000.00	0.40
LIC Housing Finance Ltd	AAA	150	1,490.87	0.30
LIC Housing Finance Ltd	AAA	110	1,100.00	0.22
Indian Railway Finance Corporation	AAA	1,000,000	1,032.48	0.21
Indian Railway Finance Corporation	AAA	1,000,000	1,000.00	0.20
Citi Financial Consumer Finance India Ltd	AAA	1,000,000	1,000.00	0.20
Citi Financial Consumer Finance India Ltd	AAA	1,000,000	1,000.00	0.20
Mahindra & Mahindra Financial Services Ltd	AA+	600,000	600.00	0.12
Indian Railway Finance Corporation	AAA	500,000	503.56	0.10
ICIICI Bank Ltd	AAA	500,000	502.93	0.10
Citicorp Finance (India) Ltd	AAA	500,000	500.59	0.10
Mahindra & Mahindra Financial Services Ltd	AA+	500,000	500.00	0.10
Mahindra & Mahindra Financial Services Ltd	AA+	500,000	500.00	0.10
Citicorp Finance (India) Ltd	AAA	250,000	251.21	0.05
Total			34,208.74	6.84
iii) Deep Discount Bonds				
Infrastructure Development Finance Company Ltd	AAA	1,500,000	1,229.22	0.25
Total			1,229.22	0.25
B) Privately Placed / Unlisted**				
i) Non-Convertible Debentures				
National Bank for Agriculture and Rural Development	AAA	6,500,000	6,491.37	1.29
Deccan Chronicle Holdings Ltd	PR1+	5,000,000	5,000.00	1.00
Bajaj Hindustan Ltd	AA-	2,500,000	2,500.00	0.50
DEEP Merrill Lynch Capital Ltd	P1+(SO)	2,500,000	2,494.12	0.50
Housing & Urban Development Corporation Ltd	PR1+	2,000,000	2,000.42	0.40
Deccan Chronicle Holdings Ltd	PR1+	2,000,000	2,000.00	0.40
Carbonyl Factors Ltd	P1+	2,000,000	2,000.00	0.40
Bombay Dyeing & Manufacturing Co Ltd.	UNRATED	2,000,000	2,000.00	0.40
Housing & Urban Development Corporation Ltd	PR1+	500,000	499.82	0.10
Total			24,985.73	4.99
ii) Floating Rate Notes / Bonds				
DSP Merrill Lynch Capital Ltd	P1+	3,000,000	3,000.00	0.60
Rabо India Finance Pvt.Ltd	AAA	1,500,000	1,500.96	0.30
Total			4,500.96	0.90
iii) Securitised Debt				
IGEC Loan Trust Series I (GE Capital Services India)	A1+(SO)	130	13,019.42	2.59
Collateralised Debt Trust Series III Class A1 (UTI Bank)	P1+(SO)	59	5,906.01	1.18
DSP Trust - Series II (SCB)	A1+(SO)	50	5,078.58	1.01
Corporate Loan Securitisation Series VII Trust 2006 (KMPL)	A1+(SO)	40	4,029.04	0.80
Auto Receivable Trust Aug 2005 - Series A1 (Sundaram Finance)	AAA(SO)	89	2,667.87	0.53
HEL Trust Series II (ABN AMRO Bank N.V.)	A1+(SO)	25	2,434.47	0.49
Credit Asset Trust Series III (HSBC Bank)	F1+(SO)	20	2,033.55	0.41
Indian Corporate Loan Securitisation Trust - Series VI (YBL)	A1+(SO)	20	2,016.53	0.40
Indian Retail ABS Trust Series XXVII - A1 (ICIICI Bank)	LAAA(SO)	55	1,801.61	0.36
Indian Retail ABS Trust Series XIII (ICIICI Bank)	AAA(SO)	30	1,716.08	0.34
VE Trust IX - Series A1 (M&MFLS)	AAA(SO)	40	1,594.87	0.32
Indian Retail Trust Series XXXIX - A2 (ICIICI Bank)	LAAA(SO)	40	1,538.83	0.31
Corporate Loan Securitisation Series XIII Trust 2006 (KMPL)	P1+(SO)	15	1,521.31	0.30
Retail Trust May 2005 - AP1 (HDFC Bank)	AAA(SO)	78	1,519.15	0.30
IGEC Loan Trust Series II (GE Capital Services India)	AA(SO)	23	2,045.92	0.41
Indian Corporate Loan Securitisation Trust - Series V (YBL)	P1+(SO)	10	1,002.80	0.20
Retail Pool Trust Aug 2005 (Centurion Bank)	AAA(SO)	67	948.00	0.19
Indian Corporate Loan Securitisation Trust - Series VIII (YBL)	F1+(SO)	8	809.12	0.16
Asset Securitisation Trust Series A (Chola)	AAA(SO)	18	750.66	0.15
Indian Retail Trust Series XLIV - A1 (ICIICI Bank)	AAA(SO)	15	660.78	0.13
IGEC Loan Trust Series I (GE Capital				

Half Yearly Portfolio Statement of the Schemes of Principal Mutual Fund as on September 30, 2006 (Contd.)

Principal Income Fund

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
<i>i) Government Securities</i>				
7.59% Oil Comp GOI Bonds 2015	SOVEREIGN	500,000	478.50	13.25
Total			478.50	13.25
<i>ii) Non-Convertible Debentures**</i>				
Citicorp Finance (India) Ltd	AAA	200,000	200.64	5.55
Mahindra & Mahindra Financial Services Ltd	AA+	200,000	195.65	5.42
Power Grid Corporation of India Ltd	AAA	200,000	194.86	5.39
Total			591.15	16.36
<i>iii) Floating Rate Notes / Bonds**</i>				
Housing Development Finance Corporation Ltd	AAA	300,000	300.71	8.33
Indian Railway Finance Corporation	AAA	300,000	300.25	8.31
Total			600.96	16.64
B) Privately Placed / Unlisted**				
<i>i) Non-Convertible Debentures</i>				
Punjab National Bank	MAAA	300,000	302.02	8.36
Total			302.02	8.36
<i>ii) Securitised Debt</i>				
Retail Trust May 2005 - AP1 (HDFC Bank)	AAA(SO)	3	58.43	1.62
Indian Retail ABS Trust Series XXXIII A1 (ICICI Bank)	AAA(SO)	5	41.75	1.16
UBL Trust Series VII (Ashok Leyland)	P1+(SO)	5	36.60	1.01
Total			136.78	3.79
II. Money Market Instruments				
<i>i) Treasury Bills</i>				
364 days Treasury Bill (14-Sep-2007)	SOVEREIGN	1,000,000	938.53	25.98
Total			938.53	25.98
<i>ii) Certificate of Deposit</i>				
State Bank of Travancore	P1+	300,000	282.12	7.81
HDFC Bank Ltd	P1+	200,000	193.33	5.35
Total			475.45	13.16
<i>iii) Commercial Paper</i>				
Export-Import Bank of India	P1+	200,000	188.83	5.23
Total			188.83	5.23
III. Cash & Cash Equivalents				
IV. Other Receivables / (Payables)				
Net Assets			3,612.09	100.00

Principal Income Fund - Short Term Plan

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
<i>i) Non-Convertible Debentures</i>				
Citicorp Finance (India) Ltd	AAA	2,300,000	2,307.36	1.96
Housing Development Finance Corporation Ltd	AAA	1,500,000	1,502.15	1.27
Mahindra & Mahindra Financial Services Ltd	AA+	1,000,000	1,020.50	0.85
CitiFinancial Consumer Fin Ind Ltd	AAA	1,000,000	1,002.05	0.85
Infrastructure Development Finance Company Ltd	AAA	1,000,000	1,001.18	0.85
Citicorp Finance (India) Ltd	AAA	800,000	800.51	0.68
ING Vysya Bank Ltd	AA+	750,000	768.26	0.65
Mahindra & Mahindra Financial Services Ltd	AA+	700,000	704.85	0.60
Sundaram Finance Ltd	AA+	500,000	503.42	0.43
Citicorp Finance (India) Ltd	AAA	500,000	500.64	0.42
Sundaram Finance Ltd	AA+	500,000	496.22	0.42
Housing Development Finance Corporation Ltd	AAA	500,000	471.93	0.40
Power Grid Corporation of India Ltd	AAA	350,000	341.00	0.29
Mahindra & Mahindra Financial Services Ltd	AA+	300,000	293.47	0.25
Total			12,697.43	10.77
<i>ii) Floating Rate Notes / Bonds</i>				
Industrial Development Bank of India Ltd	LAA+	1,000,000	1,000.72	0.85
Total			1,000.72	0.85
B) Privately Placed / Unlisted**				
<i>i) Non-Convertible Debentures</i>				
National Bank for Agriculture and Rural Development	AAA	4,000,000	3,994.69	3.39
ICICI Securities Ltd	AAA	2,500,000	2,500.38	2.12
Housing & Urban Development Corporation Ltd	PR1+	2,000,000	2,000.42	1.70
Mahindra & Mahindra Financial Services Ltd	AA+	2,000,000	2,000.15	1.70
Sundaram Finance Ltd	AAA	2,000,000	1,999.85	1.70
Kotak Mahindra Prime Ltd	LAA	1,300,000	1,300.38	1.10
Deccan Chronicle Holdings Ltd	PR1+	500,000	500.00	0.42
Punjab National Bank	MAAA	300,000	302.02	0.26
Cholamandalam DBS Finance Ltd	LAA	300,000	300.90	0.26
GE Money Financial Services Ltd	AAA	300,000	300.73	0.25
Total			15,200.07	12.90
<i>ii) Securitised Debt</i>				
Corporate Loan Securitisation Trust 2005 Series I (KMBL)	LAAA(SO)	10	1,003.88	0.85
VE Trust IX - Series A2 (M&MFS)	AAA(SO)	10	865.72	0.73
Credit Asset Trust Series V (HSBC Bank)	F1+(SO)	8	806.30	0.68
Credit Asset Trust Series III (HSBC Bank)	F1+(SO)	5	508.39	0.43
Indian Retail ABS Trust Series XXXIII - A13 (ICICI Bank)	LAAA(SO)	250	415.59	0.35
UBL Trust Series XIII - A2 (IndusInd Bank)	AAA(SO)	15	350.14	0.30
Indian Retail ABS Trust Series XXXIII A1 (ICICI Bank)	AAA(SO)	5	41.75	0.04
UBL Trust Series VII (Ashok Leyland)	P1+(SO)	5	36.60	0.03
Fleet Trust Sep 2003 - A3 (CFL)	AAA(SO)	3	32.57	0.03
Indian Retail ABS Trust Series XI - A3 (ICICI Bank)	AAA(SO)	5	23.39	0.02
Indian Retail ABS Trust Series XXXIII - IO-A1 (ICICI Bank)	AAA(SO)	15	23.17	0.02
Securitisation Trust June 2004 - Series A2 (TVS Financial Services Ltd)	INDAAA(SO)	5	5.31	***
Fleet Trust Dec 2003 - A3 (Citicorp)	AAA(SO)	5	3.68	***
Total			4,116.49	3.48
II. Money Market Instruments				
<i>i) Certificate of Deposit</i>				
State Bank of Saurashtra	P1+	5,000,000	4,687.92	3.97
State Bank of Saurashtra	P1+	4,500,000	4,303.33	3.65
State Bank of India	P1+	4,500,000	4,294.83	3.64
Industrial Development Bank of India Ltd	P1+	4,500,000	4,222.75	3.58
State Bank of India	P1+	2,500,000	2,480.19	2.10
ABN AMRO Bank N.V.	A1+	2,500,000	2,438.64	2.07
ICICI Bank Ltd	A1+	2,500,000	2,418.04	2.05
ICICI Bank Ltd	A1+	2,500,000	2,412.34	2.04
American Express Bank Ltd	A1+	2,500,000	2,392.68	2.03
HDFC Bank Ltd	P1+	2,500,000	2,353.95	2.00
ICICI Bank Ltd	A1+	2,500,000	2,344.41	1.99
Alahabad Bank	PR1+	2,500,000	2,334.54	1.98
Kotak Mahindra Bank Ltd	P1+	2,500,000	2,332.03	1.98
UTI Bank Ltd	A1+	2,500,000	2,331.01	1.98
State Bank of Patiala	A1+	2,500,000	2,330.23	1.98
Alahabad Bank	PR1+	2,500,000	2,320.04	1.97
Hongkong & Shanghai Banking Corporation Ltd	F1+	2,000,000	1,973.07	1.67
ABN AMRO Bank N.V.	A1+	2,000,000	1,874.24	1.59
State Bank of Travancore	P1+	1,700,000	1,598.70	1.36
ABN AMRO Bank N.V.	A1+	1,500,000	1,479.08	1.25
Kotak Mahindra Bank Ltd	P1+	1,500,000	1,438.78	1.22
State Bank of India	P1+	1,500,000	1,432.58	1.21
State Bank of Saurashtra	A1+	1,000,000	946.72	0.80
UTI Bank Ltd	A1+	1,000,000	941.34	0.80
Total			57,681.44	48.91
<i>ii) Commercial Paper</i>				
National Housing Bank	A1+	2,500,000	2,361.85	2.00
Export-Import Bank of India	P1+	2,500,000	2,360.62	2.00
GE Capital Services India	P1+	2,500,000	2,346.84	1.99
Apollo Tyres Ltd	P1+	2,000,000	1,995.62	1.69
SBI Cards & Payments Services Ltd	P1+	2,000,000	1,875.98	1.59
Shriram Transport Finance Company Ltd	F1+	2,000,000	1,863.29	1.58
L&T Finance Ltd	PR1+	1,500,000	1,475.27	1.25
Export-Import Bank of India	P1+	1,500,000	1,412.66	1.20
LIC Housing Finance Ltd	P1+	1,500,000	1,399.55	1.19
National Housing Bank	F1+	1,000,000	999.62	0.85
Export-Import Bank of India	P1+	1,000,000	942.69	0.80
CMC Ltd	A1+	500,000	496.89	0.42
Total			19,530.88	16.56
III. Deposits				
Oriental Bank of Commerce	FAAA	2,500,000	2,500.00	2.12
Total			2,500.00	2.12
IV. Mutual Fund Units				
Principal Cash Management Fund - Premium Institutional Growth Plan	MF Units	47,103,993	5,302.07	4.49
Total			5,302.07	4.49
V. Cash & Cash Equivalents				
VI. Other Receivables / (Payables)				
Net Assets			117,981.96	100.00

Principal Government Securities Fund - Investment Plan

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges				
<i>i) Government Securities</i>				
7.59% Oil Comp GOI Bonds 2015	Sovereign	1,675,000	1,602.98	63.74
11.90% Government of India Security 2007	Sovereign	275,000	284.08	11.30
6.15% Government of India Security 2016	Sovereign	50,000	48.95	1.95
Total			1,936.01	76.99
II. Cash & Cash Equivalents				
III. Other Receivables / (Payables)				
Net Assets			2,514.71	100.00

Principal Government Securities Fund - Provident Fund Plan

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges				
<i>i) Government Securities</i>				
7.59% Oil Comp GOI Bonds 2015	Sovereign	3,325,000	3,182.03	39.05
11.90% Government of India Security 2007	Sovereign	1,225,000	1,265.43	15.53
6.15% Government of India Security 2016	Sovereign	450,000	440.55	5.41
Total			4,888.01	59.99
II. Cash & Cash Equivalents				
III. Other Receivables / (Payables)				
Net Assets			8,149.16	100.00

Principal Floating Rate Fund - Flexible Maturity Plan

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
<i>i) Non-Convertible Debentures</i>				
Housing Development Finance Corporation Ltd	AAA	500,000	501.25	2.68
Gujarat Ambuja Cement Ltd	AAA	500,000	498.04	2.66
CitiFinancial Consumer Finance India Ltd	AAA	500,000	483.00	2.58
Indian Petrochemicals Corporation Ltd	AAA	200,000	201.32	1.07
Total			1,683.61	8.99
<i>ii) Floating Rate Notes / Bonds</i>				
Sundaram Finance Ltd	AA+	1,000,000	1,000.00	5.34
Indian Railway Finance Corporation	AAA	500,000	503.56	2.69
ICICI Bank Ltd	AAA	500,000	502.93	2.69
Housing Development Finance Corporation Ltd	AAA	500,000	501.19	2.68
Mahindra & Mahindra Financial Services Ltd	AA+	500,000	500.06	2.67
LIC Housing Finance Ltd	AAA	50	50.00	0.27
Total			3,507.74	18.74
B) Privately Placed / Unlisted**				
<i>i) Non-Convertible Debentures</i>				
Housing & Urban Development Corporation Ltd	PR1+	1,000,000	1,000.21	5.34
National Bank for Agriculture and Rural Development	AAA	1,000,000	998.67	5.33
Mahindra & Mahindra Financial Services Ltd	AA+	500,000	500.10	2.67
Total			2,498.98	13.34
<i>ii) Floating Rate Notes / Bonds</i>				
DSP Merrill Lynch Capital Ltd	P1+	500,000	500.00	2.67
Total			500.00	2.67
<i>iii) Securitised Debt</i>				
Credit Asset Trust Series III (HSBC Bank)	F1+(SO)	5	508.39	2.71
TAS Trust - Series I (SCI&L)	P1+(SO)	5	503.11	2.69
Indian Corporate Loan Securitisation Trust - Series V (YBL)	P1+(SO)	5	501.40	2.68
IGEC Loan Trust Series I (GE Capital Services India)	A1+(SO)	5	500.75	2.67
Retail Trust May 2005 - AP1 (HDFC Bank)	AAA(SO)	19	370.05	1.98
UBL Trust Series XIII - A2 (IndusInd Bank)	AAA(SO)	10	233.43	1.25
VE Trust IX - Series A2 (M&MFS)	AAA(SO)	2	173.14	0.92
India Infrastructure Developers Ltd	AA(SO)	11	111.22	0.59
UBL Trust Series VII (Ashok Leyland)	P1+(SO)	5	36.60	0.20
Indian Retail ABS Trust Series XXXIII - IO-A1 (ICICI Bank)	AAA(SO)	7	10.81	0.06
Mumbai Auto Receivables Trust 2003 Series II - A2 (SCB)	AAA(SO)	1	0.95	0.01
Total			2,949.85	15.76
II. Money Market Instruments				
<i>i) Certificate of Deposit</i>				
Punjab National Bank	A1+	1,000,000	988.98	5.28
State Bank of Patiala	A1+	1,000,000	951.36	5.08
Karur Vysya Bank Ltd	F1+	500,000	492.97	2.53
Kotak Mahindra Bank Ltd	P1+	500,000	481.36	2.57
Alahabad Bank	PR1+	500,000	481.05	2.57
Total			3,995.72	18.13
<i>ii) Commercial Paper</i>				
Jindal Steel & Power Ltd	A1+	1,000,000	976.53	5.21
GE Capital Services India	P1+	500,000	490.10	2.62
L&T Finance Ltd	PR1+	500,000	482.51	2.58
Total			1,949.14	10.41
III. Deposits				
Alahabad Bank	UNRATED	500,000	500.00	2.67
State Bank of Saurashtra	MAAA	500,000	500.00	2.67
Total			1,000.00	5.34
IV. Cash & Cash Equivalents				
V. Other Receivables / (Payables)				
Net Assets	</			

Half Yearly Portfolio Statement of the Schemes of Principal Mutual Fund as on September 30, 2006 (Contd.)

Principal Pnb Fixed Maturity Plan - 460 Days - Series I

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
<i>i) Non-Convertible Debentures</i>				
Mahindra & Mahindra Financial Services Ltd	AA+	2,500,000	2,502.19	13.71
Kotak Mahindra Prime Ltd	LAA	1,500,000	1,498.43	8.21
Kotak Mahindra Prime Ltd	LAA	1,000,000	998.79	5.47
UTI Bank Ltd	LAA+	500,000	510.01	2.80
UTI Bank Ltd	LAA+	200,000	201.51	1.10
Total			5,710.93	31.29
B) Privately Placed / Unlisted**				
<i>i) Non-Convertible Debentures</i>				
GE Countrywide Financial Services	AAA	2,500,000	2,503.19	13.72
GE Capital Services India	AAA	2,500,000	2,502.15	13.71
Industrial Development Bank of India Ltd	LAA+	500,000	512.11	2.81
Total			5,517.45	30.24
<i>ii) Securitised Debt</i>				
Loan Receivable Trust (Citi Corp)	AA(SO)	15	1,580.53	8.66
IDGE Loan Trust Series I (GE Capital Services India)	A1+(SO)	14	1,418.68	7.78
Loan Receivable Trust Mar 2003 Series II (Gujarat Ambuja)	AAA(SO)	5	429.73	2.36
Asset Securitisation Trust Series A (Chola)	AAA(SO)	2	83.41	0.46
Total			2,794.96	15.32
II. Money Market Instruments				
<i>i) Certificate of Deposit</i>				
ICICI Bank Ltd	A1+	2,500,000	2,409.30	13.21
State Bank of Patiala	A1+	200,000	193.17	1.06
ICICI Bank Ltd	A1+	100,000	96.92	0.53
UCO Bank	P1+	100,000	95.57	0.52
Total			2,794.96	15.32
<i>ii) Commercial Paper</i>				
IDBI Home Finance Ltd	A1+	100,000	99.96	0.55
Total			99.96	0.55
III. Cash & Cash Equivalents				
IV. Other Receivables / (Payables)				
			10.17	0.06
			599.25	3.28
Net Assets			18,245.07	100.00

Principal Pnb Fixed Maturity Plan - 460 Days - Series II

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
<i>i) Non-Convertible Debentures</i>				
Citi Financial Consumer Finance India Ltd	AAA	1,500,000	1,474.32	12.20
Citigroup Finance (India) Ltd	AAA	1,200,000	1,200.77	9.93
Total			2,675.09	22.13
B) Privately Placed / Unlisted**				
<i>i) Non-Convertible Debentures</i>				
Cholamandalam DBS Finance Ltd	LAA	1,700,000	1,705.07	14.11
GE Money Financial Services Ltd	AAA	1,700,000	1,704.14	14.10
Kotak Mahindra Prime Ltd	LAA	1,700,000	1,700.49	14.07
ICICI Securities Ltd	AAA	500,000	492.81	4.08
Total			5,602.51	46.36
<i>ii) Securitised Debt</i>				
Indian Corporate Loan Securitisation Trust - Series VIII (YBL)	F1+(SO)	17	1,719.38	14.22
Credit Asset Trust Series V (HSBC Bank)	F1+(SO)	17	1,713.39	14.18
Total			3,432.77	28.40
III. Cash & Cash Equivalents				
IV. Other Receivables / (Payables)				
			136.03	1.12
Net Assets			12,087.37	100.00

Principal Pnb Fixed Maturity Plan - 385 Days - Series I

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
<i>i) Non-Convertible Debentures</i>				
Kotak Mahindra Prime Ltd	P1+	2,000,000	2,001.07	9.98
Mahindra & Mahindra Financial Services Ltd	AA+	500,000	494.80	2.47
Total			2,495.87	12.45
B) Privately Placed / Unlisted**				
<i>i) Non-Convertible Debentures</i>				
L&T Finance Ltd	AA+	2,500,000	2,504.21	12.48
Kotak Mahindra Investments Ltd	A1+	1,500,000	1,503.17	7.49
Total			4,007.38	19.97
<i>ii) Securitised Debt</i>				
Credit Asset Trust Series II (HSBC Bank)	F1+(ND)(SO)	42	2,542.61	12.68
IDGE Loan Trust Series I (GE Capital Services India)	A1+(SO)	14	1,418.68	7.07
Total			3,961.29	19.75
II. Money Market Instruments				
<i>i) Certificate of Deposit</i>				
ABN AMRO Bank N.V.	A1+	2,500,000	2,465.17	12.29
UTI Bank Ltd	A1+	2,000,000	1,933.02	9.64
ICICI Bank Ltd	A1+	1,300,000	1,246.06	6.21
Kotak Mahindra Bank Ltd	P1+	1,000,000	982.72	4.80
Altabad Bank	PR1+	500,000	483.27	2.41
ICICI Bank Ltd	A1+	100,000	96.92	0.48
State Bank of Patiala	A1+	100,000	96.58	0.48
Total			7,283.74	36.31
<i>ii) Commercial Paper</i>				
Standard Chartered Investments & Loans (India) Ltd	P1+	2,000,000	1,929.47	9.62
Total			1,929.47	9.62
III. Cash & Cash Equivalents				
IV. Other Receivables / (Payables)				
			92.44	0.46
			289.62	1.44
Net Assets			20,059.81	100.00

Principal Pnb Fixed Maturity Plan - 385 Days - Series II

Name of Instrument	Rating	Quantity	Market Value (Rs in lakhs)	% of NAV
I. Debt Instruments				
A) Listed / Awaiting listing on the stock exchanges**				
<i>i) Non-Convertible Debentures</i>				
Citi Financial Consumer Finance India Ltd	AAA	1,400,000	1,386.46	11.73
Infrastructure Development Finance Company Ltd	AAA	1,000,000	1,001.04	8.47
Total			2,387.50	20.20
B) Privately Placed / Unlisted**				
<i>i) Securitised Debt</i>				
IDGE Loan Trust Series I (GE Capital Services India)	A1+(SO)	16	1,621.35	13.72
Total			1,621.35	13.72
II. Money Market Instruments				
<i>i) Certificate of Deposit</i>				
State Bank of Bikaner and Jaipur	P1+	1,700,000	1,619.48	13.70
State Bank of Hyderabad	A1+	1,700,000	1,615.16	13.67
ICICI Bank Ltd	A1+	1,700,000	1,614.56	13.66
UTI Bank Ltd	A1+	1,700,000	1,612.96	13.65
Kotak Mahindra Bank Ltd	P1+	1,100,000	1,042.62	8.82
UCO Bank	P1+	200,000	191.14	1.62
Total			7,695.92	65.12
III. Cash & Cash Equivalents				
IV. Other Receivables / (Payables)				
			82.45	0.70
			30.98	0.26
Net Assets			11,818.20	100.00

* NPAs in accordance with SEBI regulations and guidelines. ** Thinly traded / non-traded debt securities.

*** Value below 0.01% of NAV. \$\$ Illiquid securities

Valued at Nil as these equity shares have been pending under objection for considerable period of time.

**** Represents amounts less than Rs 1,000/-

*** The shares have been acquired on account of merger of Principal Equity Fund with Principal Dividend Yield Fund.

Notes :

- NPAs provided for during the half year is Rs. Nil for all the schemes of Principal Mutual Fund. However, NPAs of Rs.50.43 Lacs were recovered in Principal Equity Fund.
- During the current period Principal Equity Fund was merged with Principal Dividend Yield Fund on 04/08/2006. SEBI has vide letter dated January 3, 2006 noted the merger of the aforesaid scheme.
- Total value and percentage of illiquid shares to NAV is Nil for all the schemes of Principal Mutual Fund.
- For NAV at the beginning of the period please refer point 4.1 of the half yearly unaudited financial results for the period ended 30/09/2006.
- For NAV at the end of the period please refer point 4.2 of the half yearly unaudited financial results for the period ended 30/09/2006. The NAV of all the scheme(s) except Principal Cash Management Fund - Liquid Option and Principal Floating Rate Fund - Short Maturity Plan is provided as of September 23, 2006 (as September 30, 2006 was a non-business day).
- For dividend declared during the half year ended please refer point 4.3 of the half yearly unaudited financial results for the period ended 30/09/2006.
- There is no outstanding exposure in derivative instruments at the end of the half year in any schemes of Principal Mutual Fund.
- Total investments in foreign securities at the end of the period in Principal Global Opportunities fund are Rs. 12,483.76 Lacs (66.10% of the scheme assets). There are no investments in foreign securities/ ADRs/ GDRs at the end of the period in all other schemes of Principal Mutual Fund.
- Portfolio Turnover Ratio & Average Maturity of portfolio is as follows:

Name of the scheme	Portfolio Turnover Ratio (Days)	Average Maturity
Principal Balanced Fund	0.15	-
Principal Child Benefit Fund	0.76	-
Principal Cash Management Fund - Liquid Option	-	122 Days\$\$
Principal Deposit Fund - Plan 54EA/54EB	-	122 Days\$\$
Principal Pnb Fixed Duration Fund - 3 Year Plan - Series I	-	2.49 Yrs
Principal Deposit Fund - 371 Days - Oct 2005	-	0.09 Yrs
Principal Pnb Fixed Maturity Plan - 460 Days - Series I	-	0.52 Yrs
Principal Pnb Fixed Maturity Plan - 385 Days - Series I	-	0.47 Yrs
Principal Pnb Fixed Maturity Plan - 385 Days-Series II	-	0.70 Yrs
Principal Pnb Fixed Maturity Plan - 91 Days - Series IV	-	0.08 Yrs
Principal Pnb Fixed Maturity Plan - 460 Days - Series II	-	1.17 Yrs
Principal Pnb Fixed Maturity Plan - 91 Days - Series V	-	0.20 Yrs
Principal Focussed Advantage Fund	0.96	-
Principal Floating Rate Fund - Flexible Maturity Plan	-	169 Days\$\$
Principal Floating Rate Fund - Short Maturity Plan	-	126 Days\$\$
Principal Global Opportunities Fund	0.49	-
Principal Government Securities Fund - Investment Plan	-	5.75 Yrs
Principal Government Securities Fund - Provident Fund Plan	-	3.99 Yrs
Principal Government Securities Fund - Savings Plan	-	0.01 Yrs
Principal Growth Fund	1.31	-
Principal Income Fund	-	2.90 Yrs
Principal Income Fund - Short Term Plan	-	347 Days\$\$
Principal Index Fund	0.66	-
Principal Infrastructure & Services Industries Fund	1.01	-
Principal Junior Cap Fund	0.30	-
Principal Large Cap Fund	0.58	-
Principal Monthly Income Fund	0.85	2.43 Yrs
Principal Monthly Income Plan-MIP Plus	1.22	3.43 Yrs
Principal Personal Tax Saver Fund	0.55	-
Principal Dividend Yield Fund	0.99	-
Principal Resurgent India Equity Fund	0.99	-
Principal Tax Savings Fund	0.50	-

10) Industry classification as released by Association of Mutual Funds in India (AMFI).

11) All the information provided is as on September 30, 2006 unless specified otherwise.

\$\$\$ In respect of Floating Rate Instruments, the average maturity has been computed after considering the next rate reset date as the maturity date.

For Principal Pnb Asset Management Company Pvt. Ltd.

Place : Mumbai

Date : October 30, 2006

Contact Details: Tel: 022-6659 0333, 2204 4988, Fax: 022-2204 4990 or email customer@principalindia.com or visit us at www.principalindia.com

Registrars: Kavya Computershare Pvt. Ltd. Unit: Principal Mutual Fund, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500 034.

Statutory Details: Principal Mutual Fund has been constituted as a trust with Principal Financial Group (Mauritius) Limited, Punjab National Bank and Vijaya Bank as co-settlers. The Sponsor is not responsible or liable for any loss resulting from the operations of the Principal Mutual Fund beyond the initial contribution of an amount of Rs. 25 Lakhs towards setting up of Principal Mutual Fund. **Sponsor:** Principal Financial Services Inc., USA. **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 the Principal Mutual Fund can be achieved. All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsor/AMC/ Principal Mutual Fund/Punjab National Bank/Vijaya Bank does not indicate or guarantee the future performance of the scheme(s) of the Principal Mutual Fund. Principal Growth Fund (The investment objective is to achieve long-term capital appreciation.); Principal Dividend Yield Fund (The investment objective of the scheme would be to provide capital appreciation and / or dividend distribution by predominantly investing in companies having a large market capitalization.); Principal Equity Fund (The objective of the Scheme is to provide investors long-term capital appreciation.); Principal Large Cap Fund (Investment Objective: The Investment Objective of the scheme would be to provide capital appreciation and / or dividend distribution by investing in companies from a maximum of six sectors, depending upon their growth prospects and valuation at any given point in time.); Principal Infrastructure & Services Industries Fund (Investment Objective: The Investment Objective of the scheme is 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 infrastructure and service industries and the balance in debt securities and money market instruments including call money.); Principal Resurgent India Equity Fund (Investment Objective: To generate long term capital appreciation by investing in equity and equity related securities of Indian companies that are perceived to be potential growth stories.); Principal Tax Savings Fund (Investment Objective: The objective of the Scheme is 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 over the life of the Scheme.); Principal Personal Tax Saver Fund (Investment Objective: To provide long-term growth of capital.); Principal Junior Cap Fund (Investment Objective: The investment objective of the scheme is to provide capital appreciation and / or income in the form of dividend by investing predominantly (at least 65% of net assets) in the equity and equity related instruments of the companies within the market capitalization range of the companies comprising CNX Nifty Junior Index. Of this, at least 51% will be invested in the equity and equity related instruments of the companies that comprise the CNX Nifty Junior Index. Upto 35% of net assets will be invested in the stocks of companies with the market capitalization below Rs. 2000 crore as on the date of investment.); Principal Government Securities Fund (Investment Objective: The investment

objective of the scheme is to generate risk-free return through investment in sovereign securities and thus provide medium to long term capital gains and income distribution to its Unitholders, while at all times emphasizing the importance of capital preservation.); Principal Cash Management Fund (Investment Objective: The investment objective of the scheme is 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 Index Fund (Investment Objective: The Investment Objective of the scheme would be 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 (Investment Objective: The Investment Objective of the Scheme is to provide long-term appreciation and current income by investing in a portfolio of equity, equity related securities and fixed income securities.); Principal Child Benefit Fund (Investment Objective: The Investment Objective of the Scheme is to generate regular returns and / or capital appreciation / accretion with the aim of giving lumpsum capital growth at the end of the chosen target period or otherwise to the beneficiary.); Principal Floating Rate Fund (Investment Objective: The primary investment objective of the floating rate fund will be to generate income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, fixed rate debt instruments swapped for floating rate return, and also fixed rate instruments and money market instruments.); Principal Monthly Income Plan (Investment Objective: The investment objective of the scheme is 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. The investment objective of MIP Plus is the same as that of the Principal Monthly Income Plan. However, MIP Plus has been designed to cater to investors seeking a slightly more aggressive exposure to equity markets.); Principal Income Fund (Investment Objective: The investment objective of the scheme is to generate regular income and capital appreciation/accretion through investment in debt instruments and related securities besides preservation of capital. The investment objective of the Short Term Plan (STP) under Income Fund is the same as that of the Principal Income Fund. However, the STP has been designed to achieve stable returns over shorter-term investment horizons.); Principal Global Opportunities Fund (Investment Objective: The Investment Objective of the scheme would be to build a high quality International Equity portfolio out of the permissible investments as defined and permitted under the regulations from time to time, and provide returns and/or capital appreciation along with regular liquidity to the investors.); Principal PNB Fixed Maturity Plan - 91 Days - Series I, Principal PNB Fixed Maturity Plan - 460 Days - Series I, Principal PNB Fixed Maturity Plan - 91 Days - Series II, Principal PNB Fixed Maturity Plan - 385 Days - Series I, Principal PNB Fixed Maturity Plan - 91 Days - Series III, Principal PNB Fixed Maturity Plan - 91 Days - Series IV, Principal PNB Fixed Maturity Plan - 460 Days - Series II, Principal PNB Fixed Maturity Plan - 385 Days - Series II, Principal PNB Fixed Maturity Plan - 91 Days - Series V (Investment Objective: The Investment Objective of the scheme is to build an income oriented portfolio and provide returns along with regular liquidity to investors.); Principal Deposit Fund - Plan 54EA/EB, Principal Deposit Fund - 371 Days Fixed Maturity Plan - MAR 2005, Principal Deposit Fund - 371 Days Fixed Maturity Plan - OCT 2005 & Principal Deposit Fund - 91 Days Fixed Maturity Plan - NOV 2005 (Investment Objective: The investment objective of the scheme is to build a high quality income oriented portfolio and provide returns along with regular liquidity to investors.) are only the name of the Schemes and do not in any manner indicate either the quality of the Scheme or their future prospects or returns. Investors are therefore urged to read the Offer Document carefully, and consult their legal/tax/investment advisor before they invest in the scheme. The Sponsor is not responsible or liable for any loss resulting from the operations of the Principal 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 to an investor will be based on the actual NAV, which may go up or down, depending on the market conditions. Investment of the Scheme's assets in fixed income securities is subject to credit risk, interest rate risk, settlement risk and liquidity risk. **Scheme specific risk factors asset allocation & terms of issue are mentioned in the Offer Document. Please refer to the Offer Documents of the respective schemes before investing.**

Sd/-
RAJAN GHOTGALKAR
Managing Director