

PRINCIPAL PNB FIXED MATURITY PLAN - SERIES B14 – ABRIDGED ANNUAL REPORT FOR 2014-15

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEE OF PRINCIPAL MUTUAL FUND

Report on the Financial Statements

We have audited the accompanying financial statements of the schemes mentioned below (collectively "the Schemes") of the Principal Mutual Fund, which comprise the respective Balance Sheet as at March 31, 2015, the Revenue Account, Cash Flow Statements for the year/period then ended and a summary of significant accounting policies and other explanatory information.

• Principal Growth Fund • Principal Index Fund - Nifty • Principal Large Cap Fund • Principal Dividend Yield Fund • Principal Emerging Bluechip Fund • Principal Personal Tax Saver Fund • Principal Smart Equity Fund • Principal Tax Savings Fund • Principal Global Opportunities Fund • Principal Debt Opportunities Fund - Conservative Plan • Principal Debt Opportunities Fund - Corporate Bond Plan • Principal Government Securities Fund • Principal Income Fund - Long Term Plan • Principal Bank CD Fund • Principal Income Fund - Short Term Plan • Principal Debt Savings Fund - MIP • Principal Debt Savings Fund - Retail Plan • Principal Balanced Fund • Principal Cash Management Fund • Principal Retail Money Manager Fund • Principal PNB Fixed Maturity Plan - Series B2 • Principal PNB Fixed Maturity Plan - Series B5 • Principal PNB Fixed Maturity Plan - Series B10 • Principal PNB Fixed Maturity Plan - Series B13 • Principal PNB Fixed Maturity Plan - Series B14 • Principal PNB Fixed Maturity Plan - Series B15 • Principal PNB Fixed Maturity Plan - Series B16 • Principal Index Fund - Midcap • Principal PNB Fixed Maturity Plan - Series B17

Management's Responsibility for the Financial Statements

The Trustee of Principal Mutual Fund and Principal Pnb Asset Management Company Private Limited, the Schemes Investment Manager are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Schemes in accordance with the accounting principles generally accepted in India, including the accounting policies as specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto ("the Regulations"). This responsibility also includes the design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements of the Schemes that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Principal Mutual Fund has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion: In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Regulations as applicable in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Schemes as at 31st March, 2015, its surplus and its cash flow of the respective Schemes for the year/period ended on that date.

Report on Other Legal and Regulatory Requirements

As required under the Regulations, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. The respective Balance Sheet, Revenue Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account of the Schemes;
3. In our opinion, the respective Balance Sheet, Revenue Account and Cash Flow Statements dealt with by this report have been prepared in accordance with the accounting policies and standards as specified in Ninth Schedule of the Regulations.
4. The methods used to value non traded securities (as explained in II(3) of Schedule 9), as determined by Principal Pnb Asset Management Company Private Limited and as approved by the Trustee of Principal Mutual Fund are in good faith and in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule of the Regulations issued by the Securities and Exchange Board of India, and are fair and reasonable.

For **Haribhakti & Co. LLP**
Chartered Accountants
Firm Registration No. 103523W
Sd/-
Chetan Desai
Partner
Membership No. 17000

Place : Mumbai
Date : April 24, 2015

TRUSTEE REPORT

To the Unitholders,

Directors of Principal Trustee Company Private Limited have the pleasure in presenting the Twenty First Annual Report along with the audited financial statements of the Schemes of Principal Mutual Fund for the Financial Year 2014-2015.

1. Scheme Performance, Future Outlook and Operations of the Scheme :

Performance as on March 31, 2015:

Principal Pnb Fixed Maturity Plan - Series B14 (A Close Ended Debt Scheme offering Fixed Maturity Plan of 390 days)

| Period | Date | Regular Plan [^] | | Direct Plan [^] | |
|-----------------|-----------|---------------------------|---------------------------------------|--------------------------|---------------------------------------|
| | | Returns (%) | Crisil Short Term Bond Fund Index (%) | Returns (%) | Crisil Short Term Bond Fund Index (%) |
| Last 1 Year | 28-Mar-14 | 9.03 | 10.31 | 9.52 | 10.31 |
| Since Inception | 13-Mar-14 | 9.35 | 10.53 | 9.83 | 10.53 |

[^]Growth Option

Past performance may or may not be sustained in the future

Note: Returns less than one year are calculated on absolute basis and returns for more than one year are calculated on Compounded Annualised basis.

Most of the scheme(s) under the Fixed Maturity Plans since their inception have been in line with their benchmarks, whereas Principal Pnb Fixed Maturity Plan - Series B2 has outperformed its benchmark significantly. The same has essentially been on account of the scheme(s) being Fixed Maturity Plan(s) which required locking in investments till maturity of the Scheme(s) and better timing and stock selection.

Outlook and Operations of the Scheme:

a. Equity Market: While the economy through FY15 generally remained weak, there are some signs of a pick up. The sales of Commercial Vehicles, esp. Heavy CVs has shown an uptick in the past few months. Toll road operators say that traffic flow has picked up meaningfully on some stretches, not only in areas where mining is restarting, but even otherwise. There have been initial moves towards transmission of lower interest rates by the banks. However, it is key that the strength of corporate balance sheets improve as that is a necessary condition for a strong recovery in the capital expenditure cycle. We have seen some signs of that with asset sales in the infrastructure space.

Globally, the picture is mixed. The key event to watch out for would be the Fed raising rates and the markets' reaction to that as that can impact flows into EMS. Incrementally, stock markets in developed markets are doing better than those in EMS. However, India in some ways is better placed, as while the macros have improved, the markets now expect the micro (i.e. the company level) picture also to improve. This is not true of most EMS, which should benefit India as far as relative fund flows are concerned.

b. Debt Market: The key drivers for debt market in FY 2015-16 would be the RBI monetary policy stance, CPI Inflation trajectory, Banking system liquidity conditions and demand supply dynamics for Government Securities (G-Sec). RBI is expected to keep CPI inflation as the nominal anchor of monetary policy. If the trajectory of CPI inflation is in line with RBI projections (4% by Aug 15, and 5.8% by Mar 16), then we may see further rate cuts this year.

Global crude oil prices would continue to remain an important indicator in terms of fuel inflation, oil import growth and subsidy bill of government. Any fall in prices to below US\$50 per barrel on account of global growth concerns would be positive for debt market. Banking system liquidity is expected to remain in deficit mode in FY16 as well. Most of the deficit, though, would be financed through Term repo like FY15.

The supply of G-Sec in the first half of FY 2015-16 is 60% of the total dated G-sec borrowing programme of ₹ 6.00 lakh crores (in turn higher than ₹ 5.92 Lac Cr of FY 2014-15). The government plans to conduct buyback (swap) of short tenor G-sec and issue fresh long dated G-sec of an equivalent amount this year as well, which may put pressure on long term G-sec yields. The broad range for 10 year benchmark for financial year 2015-16 is likely to be 7.00%-8.00%.

Operations: Principal Mutual Fund (PMF) as at March 31, 2015 offers twenty nine Schemes.

These include nine Equity Schemes (including two Equity Linked Savings Schemes), one Balanced Scheme, one Hybrid Scheme, one Fund of Fund Scheme (Overseas), nine Debt Schemes/ Plans including one Liquid Scheme, and eight Fixed Maturity Plans. The total assets under management across all these Schemes as on March 31, 2015 was ₹ 5027.22 Crore.

The AMC operates out of 11 branches, including Mumbai. Increased use of technology coupled with optimum allocation and utilization of resources has helped us to enhance operational efficiency at PMF. During the year, SEBI has introduced significant changes to the MF regulations which has impacted the industry as a whole. PMF has continued to modify its processes, wherever required, to remain compliant with the said regulations at all times.

Brief background of Sponsors, Trust, Trustee Co. and AMC Co.

a. Sponsor: Principal Mutual Fund is sponsored by Principal Financial Services Inc., USA [acting through its wholly owned subsidiary Principal Financial Group (Mauritius) Ltd.]. Established in 1879, the Principal Financial Group has more than \$519.3 billion in assets under management and serves over 19.6 million customers worldwide through operations in the United States, Asia, Australia, Europe, Latin America and North America (as on December 31, 2014). The business of Principal Financial Group (Mauritius) Limited, is to carry out business activities which are not prohibited under the Laws of Mauritius and the laws of the countries where the Company is transacting business and to do all such things as are incidental or conducive to the attainment of the above objects. The Sponsor is the Settlor of the Mutual Fund Trust with Punjab National Bank as co-settlor. Punjab National Bank (PNB) is a Scheduled Commercial Bank. PNB has a network of over 6,000 branches throughout India and offers a wide variety of banking services.

b. Constitution of the Mutual Fund: Principal Mutual Fund (formerly known as IDBI-PRINCIPAL Mutual Fund and herein referred to as the "Mutual Fund") has been constituted as a trust on November 25, 1994 in accordance with the provision of the Indian Trusts Act, 1882 (2 of 1882).

On March 31, 2000, Principal Financial Services Inc., USA, became the deemed sponsor (along with the IDBI) by acquiring 50% stake in IDBI-PRINCIPAL Asset Management Company Limited, where after and pursuant to the SEBI letter dated October 18, 2002 all rights, responsibilities and duties of the Board of Trustees were transferred in favour of IDBI-Principal Trustee Company Ltd. On June 23, 2003, Principal Financial Services Inc. USA became the sole sponsor by acquiring 100% stake in IDBI-PRINCIPAL Asset Management Company Limited, through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited (Principal Mauritius). Principal Mauritius thus became the sole settlor of the Fund and the name of the Trustee Company and of the Asset Management Company was changed respectively to Principal Trustee Company Pvt. Ltd. and Principal Asset Management Company Private Limited to reflect the change in ownership. In tune with the industry standards and practices, Principal Mauritius, the Settlor, maintains a corpus of ₹ 25 lakh in the Trust in place of the original contribution of ₹ 1 lakh and additional contribution of ₹ 24.99 crore vide execution of a supplemental trust deed dated April 16, 2004. On May 5, 2004, Punjab National Bank (PNB) and Vijaya Bank (VB) became equity shareholders and they hold equity shares to the extent of 30% and 5% of the equity capital of Principal Trustee Company Private Limited and 30% and 4.03% of the equity capital of Principal Pnb Asset Management Company Private Limited (earlier name - Principal Asset Management Company Private Limited).

On June 27, 2014, Principal Mauritius acquired Vijaya Bank's 4.03% and 5% stake respectively in Principal Pnb Asset Management Company Private Limited and Principal Trustee Company Private Limited. Pursuant to this change, Principal Mauritius and Punjab National Bank hold 70% and 30% rights, title, interest and obligations respectively as co-settlers to Principal Mutual Fund. Further, on December 11, 2014, an offer of Rights Entitlement under the Rights Issue of equity shares was made to both the existing shareholders namely Principal Mauritius and Punjab National Bank. However, Punjab National Bank decided to renounce its rights in favor of Principal Mauritius. Principal Mauritius has subscribed to all the equity shares issued under the said Rights Issue. Accordingly, Principal Mauritius and Punjab National Bank hold 78.6% and 21.4% rights, title, interest and obligations respectively as co-settlers to Principal Mutual Fund.

c. Principal Trustee Company Private Limited ("the Trustee"): The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the Unitholders. The Trustee has been discharging its duties and carrying out its responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Association of Mutual Funds in India and other regulatory agencies.

d. **Asset Management Company (AMC):** Principal Pnb Asset Management Company Private Limited (AMC) is a private limited company incorporated under the Companies Act, 1956 on November 20, 1991 having its Registered Office at Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, India. Principal Pnb Asset Management Company Private Limited has been appointed as the Asset Management Company of the Principal Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated November 25, 1994 executed between Trustee and AMC. The AMC has also been registered as a Portfolio Manager under the provisions of SEBI (Portfolio Manager) Regulations, 1993 vide SEBI Registration no. INP000000951. Further, the AMC has obtained No Objection from SEBI for undertaking activities which are in the nature of advisory services to offshore funds, venture capital funds, financial consultancy and exchange of research pertaining to securities. The present share holding pattern of the AMC is as follows:

| Name of the Shareholder | % of equity capital |
|---|---------------------|
| Principal Financial Group (Mauritius) Limited | 78.62 |
| Punjab National Bank | 21.38 |

2. **Liabilities and Responsibilities of Trustee and Settlor**

The key responsibility of the Trustee is to safeguard the interest of the Unit holders and inter-alia ensure that Principal Pnb Asset Management Company Private Limited functions in the interest of investors and as laid down under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the provisions of the Investment Management Agreement, Statement of Additional Information and Scheme Information Document of the respective Schemes. From the information provided to the Trustees and the reviews the Trustee has undertaken, the Trustee believes Principal AMC has operated in the interests of the Unit holders.

The Sponsor and any of its associates including co-settlers is not responsible or liable for any loss resulting from the operations of the Mutual Fund beyond the initial contribution of an amount of ₹ 25 lakhs towards setting up of Principal Mutual Fund.

3. **Investment Objective:**

The investment objective of the Scheme is to build an income oriented portfolio and generate returns through investment in Debt/Money Market Instruments and Government Securities.

The Scheme invests in a portfolio of Debt/Money Market and Government Securities maturing on or before the date of the maturity of the Scheme.

4. **Significant Accounting Policies:**

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Scheme. Accounting policies are in accordance with Securities Exchange Board of India (Mutual Fund) Regulations, 1996.

5. **Unclaimed Dividends & Redemptions for the financial year 2014-2015:**

| Scheme | Unclaimed Dividends | | Unclaimed Redemptions | |
|--|---------------------|------------------|-----------------------|------------------|
| | Amount (₹ in Lacs) | No. of Investors | Amount (₹ in Lacs) | No. of Investors |
| Principal Pnb Fixed Maturity Plan - Series B14 | - | - | - | - |

6. **Investor Grievances:**

The data on Investor Grievance as per the SEBI prescribed is enclosed herewith as Annexure I (Refer page 4).

7. **General Policies & Procedures for exercising the voting rights & Exercise of Proxy Votes:**

a. As per the requirements of the SEBI Circular No. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010 and SEBI Circular No. CIR/IMD/DF/05/2014 dated March 24, 2014 the General policies and procedures for exercising voting rights in respect of the shares held by the Schemes of Principal Mutual Fund; has been hosted on our website - www.principalindia.com.

b. During the FY 2014-2015, the proxy voting was exercised by Principal Pnb Asset Management Company Private Limited for and on behalf of Principal Mutual Fund ('the Fund'). The summary of proxy votes cast by Principal Mutual Fund/AMC across all the investee companies is as follows:

| Summary of Votes cast during the F.Y. 2014-2015 | | | | | |
|---|--------------------|--------------------------|---------------------------|---------|-----------|
| F.Y. | Quarter | Total no. of resolutions | Break-up of Vote decision | | |
| | | | For | Against | Abstained |
| 2014-2015 | April - June | 264 | 234 | 30 | NIL |
| 2014-2015 | July - September | 2150 | 1763 | 363 | 24 |
| 2014-2015 | October - December | 96 | 84 | 12 | NIL |
| 2014-2015 | January - March | 191 | 151 | 37 | 3 |

For complete voting details for the period 2014-15, unit holders can log on to the website (www.principalindia.com) of the Fund. Further the said details are also available in the Annual Report for the period 2014-2015. A copy thereof is available on the said website of the Fund and shall be sent / emailed to the unit holders free of cost on demand.

8. **Statutory Information:**

- The Sponsors/Co- Settlers are not responsible or liable for any loss resulting from the operations of the Schemes of Principal Mutual Fund beyond their initial contribution of an amount of ₹ 25 lakhs towards setting up Principal Mutual Fund, and such other accretions/ additions to the same;
- The price and redemption value of the units, and income from them, can go up as well down with fluctuations in the market value of its underlying investment;
- Full Annual Report shall be disclosed on the website www.principalindia.com and shall also be available for inspection at the Head Office of Principal Mutual Fund. Present and prospective unitholder can obtain copy of the trust deed, the full Annual Report of the Fund / AMC at a price.

Acknowledgement:

The Trustee wish to thank Securities and Exchange Board of India, Reserve Bank of India and Association of Mutual Funds in India for their support and direction. The Trustees also wish to thank all the Unitholders for their strong support.

For Principal Trustee Company Private Limited
Sd/-

Date : April 24, 2015
Place : Mumbai

V. S. Mathur
Chairman

ABRIDGED BALANCE SHEET AS AT MARCH 31, 2015

(₹ In Lacs)

| | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| LIABILITIES | | |
| Unit Capital | 2,929.10 | 2,929.10 |
| Reserves & Surplus | | |
| Unit Premium Reserves | - | - |
| Unrealised Appreciation Reserve | 0.03 | 7.17 |
| Other Reserves | 298.26 | 14.55 |
| Loans & Borrowings | - | - |
| Current Liabilities & Provisions | | |
| Provision for doubtful Income/Deposits | - | - |
| Other Current Liabilities & Provisions | 0.81 | 0.35 |
| TOTAL | 3,228.19 | 2,951.17 |
| ASSETS | | |
| Investments | | |
| Listed Securities: | | |
| Equity Shares | - | - |
| Preference Shares | - | - |
| Equity Linked Debentures | - | - |
| Other Debentures & Bonds | 1,199.15 | 1,152.66 |
| Securitized Debt securities | - | - |
| Securities Awaited Listing: | | |
| Equity Shares | - | - |
| Preference Shares | - | - |
| Equity Linked Debentures | - | - |
| Other Debentures & Bonds | - | - |
| Securitized Debt securities | - | - |
| Unlisted Securities | | |
| Equity Shares | - | - |
| Preference Shares | - | - |
| Equity Linked Debentures | - | - |
| Other Debentures & Bonds | - | - |
| Securitized Debt securities | - | - |
| Government Securities | | |
| Treasury Bills | - | - |
| Commercial Paper | - | - |
| Certificate of Deposits | 1,897.79 | 1,762.76 |
| Bill Rediscouinting | - | - |
| Units of Domestic Mutual Fund | - | - |
| Foreign Securities | - | - |
| Total Investments | 3,096.94 | 2,915.42 |
| Deposits | | |
| Other Current Assets | | |
| Cash & Bank Balance | 0.50 | 0.23 |
| CBLO/ Reverse Repo Lending | 54.02 | 31.85 |
| Others | 76.73 | 3.67 |
| Deferred Revenue Expenditure (to the extent not written off) | - | - |
| TOTAL | 3,228.19 | 2,951.17 |

Notes to Accounts – Annexure I

ABRIDGED REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015

(₹ In Lacs)

| | Current Year ended March 31, 2015 | Previous Year ended March 31, 2014 |
|--|-----------------------------------|------------------------------------|
| INCOME | | |
| Dividend | - | - |
| Interest | 289.70 | 14.68 |
| Realised Gain / (Loss) on Foreign Exchange Transactions | - | - |
| Realised Gains / (Losses) on Interscheme sale of investments | - | - |
| Realised Gains / (Losses) on External sale / redemption of investments | - | - |
| Realised Gains / (Losses) on Derivative Transactions | - | - |
| Other Income | (0.00) | - |
| | (A) | |
| | 289.70 | 14.68 |
| EXPENSES | | |
| Management fees | 1.29 | - |
| Service tax on Management fees | 0.16 | - |
| Transfer agents fees and expenses | 0.28 | 0.03 |
| Custodian fees | 0.35 | 0.01 |
| Trusteeship fees | 0.31 | 0.01 |
| Commission to Agents | 2.90 | - |
| Marketing & Distribution expenses | - | - |
| Audit fees | 0.01 | 0.01 |
| Other operating expenses (Refer note 4 of Notes to Accounts) | 0.69 | 0.07 |
| Excess of Expenditure Over Permissible Limit to be Recovered from AMC | - | - |
| | (B) | |
| | 5.99 | 0.13 |
| NET REALISED GAINS / (LOSSES) FOR THE PERIOD (A-B = C) | 283.71 | 14.55 |
| Change in Unrealised Depreciation in value of investments (D) | 7.53 | - |
| NET GAINS / (LOSSES) FOR THE PERIOD (E-(C-D)) | 276.18 | 14.55 |
| Change in unrealised appreciation in the value of investments (F) | 0.39 | 7.17 |
| NET SURPLUS / (DEFICIT) FOR THE PERIOD (E + F = G) | 276.57 | 21.72 |
| Opening Balance | 14.55 | - |
| Add: Balance transfer from Unrealised Appreciation Reserve | 7.17 | - |
| Less: Balance transfer to Unrealised Appreciation Reserve | 0.03 | 7.17 |
| Add / (Less): Equalisation | - | - |
| Total (Including G) | 298.26 | 14.55 |
| Dividend appropriation | | |
| Income Distributed during the period | - | - |
| Tax on income distributed during the period | - | - |
| Retained Surplus / (Deficit) carried forward to Balance sheet | 298.26 | 14.55 |

Notes to Accounts – Annexure I

NOTES TO ACCOUNTS

Annexure I to the Abridged Balance Sheet and Revenue Account for the Year Ended 31 March, 2015

1 Investments :-

- 1.1 Except Government Securities, CBLO's and Treasury Bills (which are held in the name of the Mutual Fund) all other investments of the scheme are registered in the name of Principal Trustee Company Pvt. Ltd. - Trustee to Principal Mutual Fund for the benefit of the Schemes unitholders.
- 1.2 There was no exposure to derivative products during the year ended March 31, 2015 & previous year ended March 31, 2014.
- 1.3 For the period ended March 31, 2015 the scheme has not made investments in securities of the Associate / Group Companies of the Sponsor. Details of Aggregate Value of Investments made by the schemes of Principal Mutual Fund during the period ended March 31, 2015 is given in Annexure II.
The above investments were considered sound before making investment. The AMC evaluated the same on merits and on arm's length basis and in accordance with the investment objectives of the respective Schemes.
- 1.4 There are no open position of securities borrowed and / or lent by the scheme as at March 31, 2015 and as at March 31, 2014.
- 1.5 Non Performing Assets as at March 31, 2015 is ₹ Nil (as at March 31, 2014 is ₹ Nil).
- 1.6 Aggregate value of Unrealised Gain / Loss as at the end of the year, expressed as a percentage to Net Assets.

(₹ in Lacs)

| Scheme | Year ended 31-March-2015 | | Period ended 31-March-2014 | |
|--|--------------------------|----------------------|----------------------------|----------------------|
| | Unrealised Gain / (Loss) | % to Avg. Net Assets | Unrealised Gain / (Loss) | % to Avg. Net Assets |
| Principal Pnb Fixed Maturity Plan - Series B14 | 0.03 | 0.00 | 7.17 | 0.24 |

- 1.7 Aggregate Value of Purchase and Sale made during the period, expressed as a percentage of Average Daily Net Asset Value :

(₹ in Lacs)

| | Purchases | | Sales* | |
|----------------|-----------|----------------------|----------|----------------------|
| | Amount | % of Avg. Net Assets | Amount | % of Avg. Net Assets |
| March 31, 2015 | 1,895.80 | 61.33 | 1,920.00 | 62.11 |
| March 31, 2014 | 3,899.48 | 132.69 | 998.94 | 33.99 |

* Sales includes redemptions / maturities

- 1.8 The Aggregate book value of Non-Traded / Thinly traded Debt Investments, which have been valued in good faith in accordance with the guidelines for valuation of securities of Mutual Fund issued by SEBI, expressed as percentage to Net Assets is given below :

(₹ in Lacs)

| Scheme | Year ended 31-March-2015 | | Period ended 31-March-2014 | |
|---------------------|--------------------------|-----------------|----------------------------|-----------------|
| | Amount | % of Net Assets | Amount | % of Net Assets |
| Book Value | 3,045.80 | 94.37 | 2,901.33 | 98.32 |
| Market / Fair Value | 3,096.94 | 95.96 | 2,915.41 | 98.80 |

- 2 As per the requirements of Regulation 25 (8) of SEBI Regulation 1996, the details of Payments made to Associates during the year is given in Annexure III.
- 3 As per the SEBI disclosure wide circular No. MFD/CIR No.3/211/2001 dated April 30, 2001; Scheme does not have a single unit holder holding more than 25% of the NAV as on March 31, 2015.
- 4 Expenses are exclusive of Service Tax amount. The Service Tax amount has been included in Other Operating Expenses except for Service Tax on Management Fees which has been reported separately.
- 5 Details of movements in Unit Capital during the period is given in Annexure IV.
- 6 Previous year's figures have been regrouped and reclassified, wherever necessary, to make them comparable.
- 7 There was no Contingent Liability for the current period.

Annexure - II

Details of Investments made in Associates / Group Companies

(₹ In Lacs)

| LARSEN & TOUBRO LTD | Equity Shares | |
|---|-----------------|-----------------|
| | 2014-2015 | 2013-2014 |
| Schemes | | |
| GROWTH | - | 22.41 |
| INDEX | 34.14 | 33.42 |
| LCAP | 612.81 | 1,277.91 |
| PTSF | 701.17 | 1,421.50 |
| SMART | 121.86 | 262.91 |
| TAX96 | 25.32 | - |
| PBF | - | 0.96 |
| Aggregate Investments by all Schemes | 1,495.30 | 3,019.11 |

(₹ In Lacs)

| PUNJAB NATIONAL BANK | Equity Shares | |
|---|---------------|-------------|
| | 2014-2015 | 2013-2014 |
| Scheme | | |
| INDEX | 3.58 | 4.43 |
| Aggregate Investments by all Schemes | 3.58 | 4.43 |

| ATUL LTD. | Equity Shares | |
|---|---------------|-----------|
| | 2014-2015 | 2013-2014 |
| Scheme | | |
| PEBF | 830.08 | - |
| Aggregate Investments by all Schemes | 830.08 | - |

SCHEME CODE LIST: • GROWTH - Principal Growth Fund • INDEX - Principal Index Fund - Nifty • LCAP - Principal Large Cap Fund • PBF - Principal Balanced Fund • PEBF - Principal Emerging Bluechip Fund • PTSF - Principal Personal Tax Saver Fund • SMART - Principal Smart Equity Fund • TAX96 - Principal Tax Savings Fund

Annexure - III

Commission Paid to Associates / Related Parties / Group Companies of Sponsor AMC

| Name of the Associates | Nature of Association / Nature of Relation | Period covered | Business Given (₹ In Crores) | % of Business Given to total Business Received | Commission Paid (₹) | % of Commission paid to total Commission paid |
|---|---|----------------|------------------------------|--|---------------------|---|
| Punjab National Bank | Company Holding 21.38% stake in the Investment Manager of the Schemes of the Fund | FY 2014-15 | 2.31 | 7.89% | 92,445.76 | 25.09% |
| | | FY 2013-14 | - | 0.00% | - | 0.00% |
| Principal Retirement Advisors Pvt. Ltd. | Associate of Investment Manager | FY 2014-15 | 0.07 | 0.25% | 880.00 | 0.24% |
| | | FY 2013-14 | - | 0.00% | - | 0.00% |

Note: Commission paid to associates has been disclosed on payment basis and business given indicates Gross Mobilisation (net of rejections, if any) during the corresponding period for which the commission paid has been disclosed.

Fees/Charges Paid to Associates / Related Parties / Group Companies of Sponsor AMC

| Name of the Related Party | Nature of Transactions | For the year ended March 31, 2015 (₹) | Outstanding as at March 31, 2015 (₹) | For the period ended March 31, 2014 (₹) | Outstanding as at March 31, 2014 (₹) |
|---------------------------|------------------------|---------------------------------------|--------------------------------------|---|--------------------------------------|
| Punjab National Bank | Bank Charges | - | - | 5 | - |

Annexure – IV:

Details of Movement in Unit Capital for the year ended 31 March, 2015

| Scheme | Opening Balance * | Subscription * | Redemption * | Closing Balance * |
|---|-------------------|----------------|--------------|-------------------|
| Principal Pnb Fixed Maturity Plan - Series B14 - Growth Option | 88,232,745 | - | - | 88,232,745 |
| Principal Pnb Fixed Maturity Plan - Series B14 - Dividend Option | 300,000 | - | - | 300,000 |
| Principal Pnb Fixed Maturity Plan - Series B14 - Direct Growth Option | 203,677,348 | - | - | 203,677,348 |
| Principal Pnb Fixed Maturity Plan - Series B14 - Direct Dividend Option | 700,000 | - | - | 700,000 |

- : indicates Nil * Face Value is ₹ 10 per unit

KEY STATISTICS FOR THE YEAR ENDED 31 MARCH, 2015

PRINCIPAL PNB FIXED MATURITY PLAN - SERIES B14

| Particulars | Regular Plan | | | | Direct Plan | | | |
|---|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Dividend Option | | Growth Option | | Dividend Option | | Growth Option | |
| | March 31, 2015 ₹ | March 31, 2014 ₹ | March 31, 2015 ₹ | March 31, 2014 ₹ | March 31, 2015 ₹ | March 31, 2014 ₹ | March 31, 2015 ₹ | March 31, 2014 ₹ |
| 1. NAV per unit (₹): | | | | | | | | |
| Open | 10.0661 | - | 10.0661 | - | 10.0671 | - | 10.0671 | - |
| High | 10.9828 | 10.0732 | 10.9828 | 10.0732 | 11.0338 | 10.0745 | 11.0338 | 10.0745 |
| Low | 10.0726 | 10.0000 | 10.0726 | 10.0000 | 10.0741 | 10.0000 | 10.0741 | 10.0000 |
| End | 10.9828 | 10.0661 | 10.9828 | 10.0661 | 11.0338 | 10.0671 | 11.0338 | 10.0671 |
| 2. Closing Assets Under Management (₹ in Lakhs) | | | | | | | | |
| End | 3.29 | 3.02 | 969.04 | 888.78 | 7.72 | 7.05 | 2,247.33 | 2,051.96 |
| | March 31, 2015 | | | | March 31, 2014 | | | |
| Average (AAuM) - Regular Plan (₹ in Lakhs) | 932.77 | | | | 888.25 | | | |
| Direct Plan (₹ in Lakhs) | 2,158.53 | | | | 2,050.64 | | | |
| 3. Gross income as % of AAuM ¹ | 9.14% | | | | 10.13% | | | |
| 4. Expense Ratio: | | | | | | | | |
| a. Total Expense as % of AAuM (plan wise) - Regular plan | 0.51% | | | | 0.29% | | | |
| Direct Plan | 0.06% | | | | 0.01% | | | |
| b. Management Fee as % of AAuM (plan wise) - Regular plan | 0.04% | | | | 0.00% | | | |
| Direct Plan | 0.04% | | | | - | | | |
| 5. Net Income as a percentage of AAuM ² | 8.95% | | | | 10.04% | | | |
| 6. Portfolio turnover ratio ³ | - | | | | - | | | |
| 7. Total Net Dividend per unit distributed during the year / period (plan wise) | | | | | | | | |
| Corporates | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 |
| Non-Corporates | - | - | - | - | - | - | - | - |
| 8. Returns (%) [*] | March 31, 2015 | | March 31, 2014 | | March 31, 2015 | | March 31, 2014 | |
| a. Last One Year | 9.03 | | N.A. | | 9.52 | | N.A. | |
| Benchmark | 10.31 | | N.A. | | 10.31 | | N.A. | |
| b. Since Inception | 9.35 | | 0.66 | | 9.83 | | 0.67 | |
| Benchmark | 10.53 | | 0.61 | | 10.53 | | 0.61 | |
| Benchmark | Crisil Short-Term Bond Fund Index | | | | | | | |

Past performance may or may not be sustained in the future.

* Calculated after considering that all dividend payouts / bonus have been reinvested in the Scheme at the then prevailing NAV. Returns are calculated only in respect of Growth Plan/Option, on compounded annualised basis for a period of more than one year and on an absolute basis for a period less than one year.

'-' Indicates NIL.

¹ Gross income = amount against (A) in the Revenue account i.e. Income.

² Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD

³ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.

⁴ AAuM=Average daily net assets

Annexure – I to the Trustee Report :

Redressal of Complaints received against Principal Mutual Fund during 2014-2015:

Principal Mutual Fund Total number of folios as on March 31, 2015 – 4,55,660

| Complaint Code | Type of Complaint # | (a) No. of complaints pending at the beginning of the year Total | (b) No. of complaints received during the year Total | Action on (a) and (b) | | | | | | | | |
|----------------|--|--|--|-----------------------|------------|-------------|-----------------|-----------------------------|------------|------------|------------|-------------|
| | | | | Resolved | | | | Non Actionable [*] | Pending | | | |
| | | | | Within 30 days | 30-60 days | 60-180 days | Beyond 180 days | | 0-3 months | 3-6 months | 6-9 months | 9-12 months |
| I A | Non receipt of Dividend on Units | - | 7 | 7 | - | - | - | - | - | - | - | - |
| I B | Interest on delay payment of dividend | - | - | - | - | - | - | - | - | - | - | - |
| I C | Non receipt of Redemption Proceeds | 4 | 214 | 217 | - | - | - | - | 1 | - | - | - |
| I D | Interest on delay payment of redemption | - | - | - | - | - | - | - | - | - | - | - |
| II A | Non receipt of Statement of Account/Unit Certificate | - | 1 | 1 | - | - | - | - | - | - | - | - |
| II B | Discrepancy in Statement of Account | 2 | 864 | 866 | - | - | - | - | - | - | - | - |
| II C | Non receipt of Annual Report/Abridged Summary | - | - | - | - | - | - | - | - | - | - | - |
| III A | Wrong switch between Schemes | - | 8 | 8 | - | - | - | - | - | - | - | - |
| III B | Unauthorized switch between Schemes | - | - | - | - | - | - | - | - | - | - | - |
| III C | Deviation from Schemes attributes | - | - | - | - | - | - | - | - | - | - | - |
| III D | Wrong or excess charges/load | - | - | - | - | - | - | - | - | - | - | - |
| III E | Non updation of changes viz. address, PAN, bank details, nomination, etc | - | 216 | 216 | - | - | - | - | - | - | - | - |
| IV | Others | - | 243 | 237 | - | - | - | - | 6 | - | - | - |
| | Total | 6 | 1553 | 1552 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 |

Notes: # Including against its authorized persons/distributors/employees etc.

* Non actionable means the complaints that are incomplete / outside the scope of Mutual Fund.