



CREDIT INSIGHT

March 2020

Monthly Credit Update

Update!

Fixed Income: Investment Process



- Rates: **Access** to best of Internal/External & Proprietary
- **Credit: Exhaustive top down process combined with "bottom up" issuer selection**

Research

Fund Management

- Monthly Asset Allocation Matrix
- Benchmark & Peer Group Analysis
- Daily Performance Attribution
- Portfolio Laddering

- Limit monitoring/compliance
- Monthly Review of Risk Areas
- Global Supervision of Risk Processes

Risk Management

Highlights of the Credit Research Process



Board approved Internal Credit Risk Assessment Policy



"Credit Tracker" list of approved Credits: LT & ST: Bottom Up Approach



Inclusion and sustainability of a credit in the record/list is determined by the established credit process, which includes two broad areas :

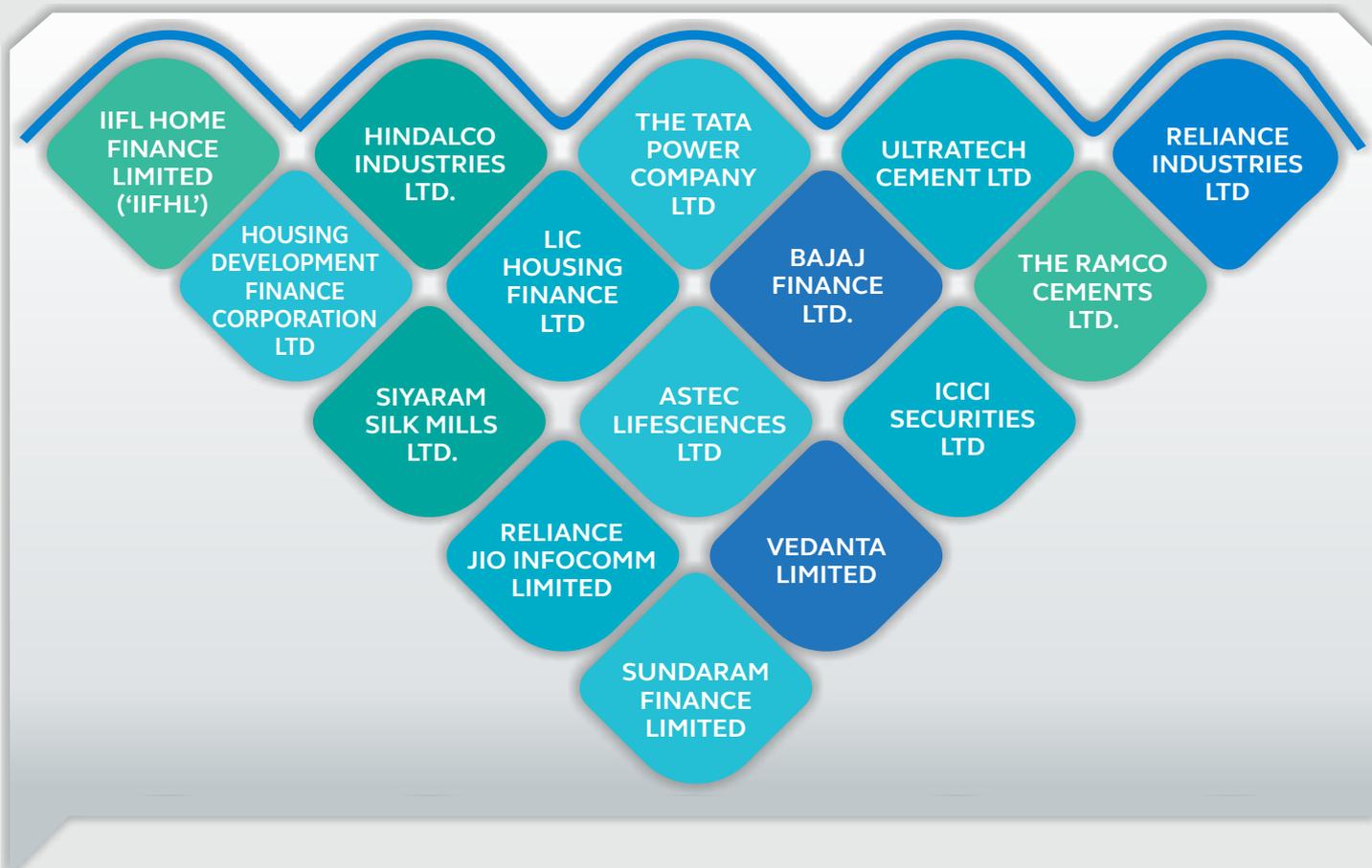
- Approval for new credits (through credit note)
- Review and monitoring of existing credits



"Early in- Early Exit" Identify new promising credits early on, take shorter exposures



Access to in house Equity Team expertise on sector/stock coverage where we take exposure



IIFL HOME FINANCE LIMITED ('IIFHL')

Rating: Crisil AA (stable) and ICRA AA (neg) and CARE AA (stable)

Rating change in last month: None

Sector: Financial Services

About: IIFHL, a subsidiary of India Infoline Finance Ltd. (IIFL), is National Housing Bank (NHB) registered Housing Finance Company (HFC). IIFL has a diversified loan book and offers products like home loans, gold loans, commercial vehicle loans, MFI loans, MSME loans, LAP and construction finance.

IIFHL caters to a vast segment of retail and corporate customers through its loan offering - this includes home loans, construction finance and loans against property, with the key focus area being housing loans to individuals against the security of residential collaterals. The company has built its portfolio only in the past few years and asset under management (AUM) of the company stood at app. 10k cr as on March 31, 2018.

ICRA reaffirmed the ratings at AA; however, changed the outlook to negative. The main reasons for change in outlook were wholesale book was higher as a percentage of networth and may have potential stress, demerger of wealth finance business would result in lower fee based income and challenges on funding side. However, ICRA noting the strengths of the business like 87% of the book being retail, granularity of the book into different asset classes and track record of the management reaffirmed AA ratings. It should be noted that CRISIL has kept the outlook stable with similar AA ratings for IIFL group.

As of June 30, 2019, the company had an AUM of ₹ 18,988 crore (₹ 18,158 crore as on March 31, 2019). The company had a net worth of ₹ 1,665 crore as on June 30, 2019 (₹ 1,597 crore as of March 31, 2019). It reported a profit after tax (PAT) of ₹ 70 crore on a total income (net of interest expense) of ₹ 178 crore for the quarter ended June 30, 2019 (₹ 296 crore and ₹ 743 crore, respectively, in fiscal 2019). For Q2FY 20, the reported PAT was ₹ 129 cr vs ₹ 123 cr in Q2FY19.

HINDALCO INDUSTRIES LTD.

Rating: CRISILAA (POSITIVE), CARE AA+ Stable

Rating change in last month: No change

Sector: Metals

About: Hindalco, the flagship company of the Aditya Birla group, commenced operations in 1962 with an aluminium unit at Renukoot, Uttar Pradesh. It has become the largest integrated aluminium manufacturer in India, with capacity to produce 1,300 kilo tonne per annum (ktpa) of aluminium and 2,900 ktpa of alumina. The company also has a custom smelter in the copper business. The company made a consolidated PAT at ₹ 5495 cr for FY19 compared to ₹ 4518 cr in FY18 and the consolidated Net Debt to EBITDA was at 2.48 times as at 31st Mar 2019 compared to 2.82 times as on 31st Mar 2018.

THE TATA POWER COMPANY LTD

Rating: CRISILAA- (Positive)/A1+, ICRA AA-(stable)/A1+, CARE AA(stable), India Ratings AA(stable)

Rating change in last month: No change

Sector: Energy

About: Tata Power Company Ltd ('TPCL') is India's largest integrated private power utility, with installed generation capacity of 10,957 MW (as on March 31, 2019). The company is present across the entire power business spectrum, from generation (thermal, hydro, solar, and wind) to transmission and distribution. TPCL is part of the TATA group, given Tata Sons Limited, which holds a 33% stake in TPCL. Tata Sons has demonstrated its ability and willingness to support TPCL by infusing capital in the past. TPCL is the fifth-largest investment in the books of Tata Sons after Tata Steel Limited, Tata Teleservices Limited, Tata Motors Limited and Tata Capital Limited. During fiscal 2019, Tata Power, on a consolidated basis, had a net profit of ₹ 2,437 crore with operating income of ₹ 32,196 crore, against a net profit of ₹ 2,609 crore with operating income of ₹ 29,149 crore in fiscal 2018. For Q3FY 20, PAT was ₹1789 cr vs. ₹1419 cr on Q3FY 19.

ULTRATECH CEMENT LTD

Rating: CRISILAAA (stable)/A1+, India Ratings Ltd AAA(stable), A1+

Rating change in last month: No change

Sector: Cement & Cement Products

About: Ultratech Cement Ltd ('UCL') is India's largest manufacturer of grey cement, ready mix concrete and white cement in India. It has 12 integrated plants, one clinker plant, 20 grinding units, seven bulk terminals, and two white cement and putty plants. Its operations span across India, the UAE, Bahrain, Bangladesh and Sri Lanka. UCL has a market share of 24% in India with 113.35 million tonne per annum (mtpa) capacity. Operating efficiency is superior, driven by strong consumption norms, efficient logistics (because of pan-India presence), and captive power capability. As on Sep 30, 2019, Grasim (the flagship company of the Aditya Birla group) held 60.2% equity stake in UltraTech, the other promoter group held 1.49%, and financial institutions and the public held the rest. During fiscal 2019, UCL, on a consolidated basis, had a net profit of ₹ 2,432 crore with operating income of ₹ 37,379 crore, against a net profit of ₹ 2,224 crore with operating income of ₹ 31,439 crore in fiscal 2018.

RELIANCE INDUSTRIES LTD

Rating: CRISIL AAA (stable)/A1+, ICRA AAA (stable)/A1+, India Ratings AAA (stable)/A1+, CARE AAA (stable)/A1+

Rating change in last month: No change

Sector: Energy

About: Reliance Industries Limited (RIL) is one of India's largest private sector companies (market cap > 8 lakh crores as on 30th Sep 2019), with diverse interests, including petrochemicals, oil refining, and upstream oil and gas E and P. In the recent past, RIL has diversified into newer businesses which includes organized retail and digital services. RIL operates one of the most complex refineries globally which improves its flexibility in terms of crude sourcing resulting in relatively high Gross Refining Margins (GRMs). RIL's strength in the petrochemicals business has also grown following large-scale capacity expansions, including the refinery off-gas cracker, in the previous fiscal and healthy ramp up of operations. The company's digital services venture, where it has made sizeable investments, has been gaining subscribers at a healthy pace since inception and has achieved a subscriber base of 331.3 million as on June 30, 2019. On August 12, 2019, Reliance Industries Limited (RIL) announced that it has signed a non-binding Letter of Intent (LoI) with Saudi Aramco¹ for the sale of 20% stake in the former's Oil to Chemicals (O2C) division to Saudi Aramco. RIL's O2C division includes its refining and petrochemicals business along with RIL's 51% stake in its recently announced petroleum marketing JV with British Petroleum Plc (BP). As a part of the deal, Saudi Aramco would supply 5,00,000 barrels per day (equivalent to ~25 million metric tonnes per annum) of crude oil to RIL's refinery in Jamnagar on a long-term basis. The deal values RIL's O2C division at an Enterprise Value of US\$ 75 billion which translates to an investment of US\$ 15 billion from Saudi Aramco. The transaction is subject to due diligence, regulatory and other approvals. The investment proceeds from Saudi Aramco along with another US\$ 1 billion from BP for the latter's 49% stake in RIL's fuel retail business would help RIL achieve significant deleveraging. Moreover, the company announced the sale of its telecom tower business in July 2019 to Brookfields Asset Management Company, that was already transferred to an investment infrastructure trust (InvIT) as of March 31, 2019, for ₹ 25,215 crore. RIL transferred its fiber assets to another InvIT and plans to sell those assets to a strategic investor by March 2020.

HOUSING DEVELOPMENT FINANCE CORPORATION LTD

Rating: CRISIL AAA (stable)/A1+, ICRA AAA (stable)/A1+, CARE AAA (stable)/A1+

Rating change in last month: No change

Sector: Financial Services

About: Housing Development Finance Corporation Limited (HDFC), India's premier housing finance entity, is in existence for over 40 years. With a presence in banking, insurance and asset management, the HDFC Group is an important part of the Indian financial services sector. HDFC's has a strong franchise and has demonstrated ability to grow in the competitive mortgage finance market, its focus on prime salaried customers within the home loan segment and its good asset quality indicators over credit cycles. HDFC has a strong capitalization (capital adequacy ratio of 19.1% with Tier-I of 17.5% as on March 31, 2019), moderate gearing (4.87 times as on March 31, 2019) and good profitability indicators (return on equity of ~13.51% during FY2019). During FY2019, HDFC reported a total income of ₹ 43,378 crore and had an asset base of ₹ 4,58,776 crore compared to a total income of ₹ 40,707 crore and an asset base of ₹ 3,98,910 crore in FY2018. HDFC reported Profit After Tax (PAT) of ₹ 9,632 crore during the year ended March 31, 2019 compared to ₹ 10,959 crore during the year ended March 31, 2018.

LIC HOUSING FINANCE LTD

Rating: CRISILAAA (stable)/A1+, ICRA A1+, CARE AAA (stable)

Rating change in last month: No change

Sector: Financial Services

About: LIC is the single-largest shareholder in LIC Housing with a stake of 40.31% as on Jun 30, 2019. It is India's second-largest housing finance company, with 9 regional offices, 23 back offices, and 273 marketing units in India and 2 overseas representative offices (1 each in Dubai and Kuwait), as on March 31, 2019. LIC Housing benefits from LIC's strong brand equity, access to its agency network for origination of loans, and funding support. LIC Housing has comfortable capitalization with a large capital base of ₹ 16,259 crore as on March 31st 2019. It also had comfortable capital coverage for net non-performing assets (NPAs) of 7.9 times as on Mar 31, 2019. However, gearing, at 10.5 times as on Mar 31, 2019 (10.2 times as on March 31, 2018), was higher than that of peers. It has adequate asset quality with a gross NPA ratio of 1.53% as on March 31, 2019 (0.78% as on March 31, 2018). For fiscal 2019, profit after tax (PAT) was ₹ 2,431 crore on total income (net of interest expenses) of ₹ 4,505 crore, against PAT of ₹ 2,002.50 crore on total income (net of interest expenses) of ₹ 3,815 crore for fiscal 2018.

BAJAJ FINANCE LTD.

Rating: CRISIL AAA (stable)/A1+, ICRA AAA (stable)/A1+, CARE AAA (stable)/A1+, India Ratings AAA (stable)/A1+

Rating change in last month: No change

Sector: Financial Services

About: Bajaj Finance Limited (BFL) is an NBFC-D-SI with a diversified loan portfolio and a pan-India presence. While the company was originally set up to provide finance for the purchase of two-wheelers and three-wheelers manufactured by Bajaj Auto, it diversified into other segments over the years. Currently, it operates across six broad categories – Consumer Lending, Commercial Lending, Rural Lending, SME Lending, Deposits and Partnerships & Services. Under the category of Partnerships & Services, the company offers products like health insurance, extended warranty, comprehensive asset care, co-branded credit cards and wallets. On a consolidated basis, BFL reported a net profit after tax of ₹ 3,995 crore in FY2019 on a total managed asset base of ₹ 1,27,608 crore as on March 31, 2019 vis-à-vis a net profit after tax of ₹ 2,496 crore in FY2018 on a total managed asset base of ₹ 88,118 crore as on March 31, 2018. The reported net worth, on a consolidated basis as on March 31, 2019, was ₹ 19,697 crore and CRAR was 20.66% (on a standalone basis). The company is rated AAA by all the rating agencies rating it.

THE RAMCO CEMENTS LTD.

Rating: CRISILA1+, ICRA AA+ (stable)/A1+

Rating change in last month: No change

Sector: Cement & Cement Products

About: The Ramco Cements Ltd. is a leading cement player with capacity of 16.5 million ton spread across Tamil Nadu, Andhra Pradesh, Karnataka and West Bengal. Established in 1957, it manufactures, and markets cement under the Ramco brand predominantly in South India. The company also has windmill capacity of 125.95 megawatt (MW; post the transfer of 33.23 MW to a newly formed subsidiary, Ramco Windfarms Ltd, in fiscal 2014) and captive thermal power plants with capacity of 175 MW.

The company generated net cash accruals of close to ₹ 3,000 cr over FY2017-H1 FY2020. The company's gearing was 0.5 times as of September 30, 2019, while its interest coverage was 22.9 times for H1 FY2020. With comfortable accrual levels, we expect the financial profile to remain healthy over the medium term, despite the proposed capex and debt funding, some moderation expected in coverage metrics in FY2020 and FY2021. The company made a net profit of ₹ 507 cr in FY 2019 (556 crore in FY 18) on an operating income of ₹ 5,060 cr in FY 2019 (₹ 4,330 cr in FY2018).

SIYARAM SILK MILLS LTD.

Rating: CRISILAA-(stable)/A1+

Rating change in last month: No change

Sector: Textiles

About: Siyaram, incorporated in 1978 and promoted by Late Shri Dhara Prasad Poddar. Currently business is managed by his son Mr. Ramesh D. Poddar as Chairman and Managing Director. The company manufactures suiting and shirting fabrics, home furnishing fabrics, and garments in addition to dyeing yarn. Operations are vertically integrated, with in-house facilities for dyeing, weaving, finishing, and garmenting. The company has a diverse fabric range consisting of all blends such as polyester viscose, polyester wool, 100% cotton, cotton blends, and linen. In the fabrics division, its main brands are Siyaram's, Mistair, Featherz, Cadini, and J. Hampstead. Its ready-to-wear garments division has brands such as Oxemberg, MSD (My Style Destination), J. Hampstead, Cadini. In furnishing fabrics, it has the Casa Moda brand. Cash accrual is expected at ₹ 150-160 crores, against repayment obligation of around ₹ 32 crores, per fiscal over the medium term. The current ratio was 1.8 times as on March 31, 2019, and is expected to remain stable. Adequate lines of credit are available in the form of cash credit, commercial paper, and working capital demand loan to fund any incremental working capital requirement. Average bank limit utilisation was around 61% (₹160 crore limit) during the 12 months through June 2019. Furthermore, capex plans are modest at around ₹ 30 crores over the medium term, ensuring cash accrual is available to meet working capital requirement. The company made a net profit of ₹ 99.1 cr in FY 2019 (110.1 cr in FY 18) on an operating income of ₹ 2,445 cr in FY 2019 (₹ 2,424 cr in FY2018). For Q3FY 20, the net profit was ₹ 8 cr vs ₹ 20 cr in Q3FY19, however the debt was reduced by 20 cr approximately during the quarter.

ASTEC LIFESCIENCES LTD

Rating: ICRAA1+/AA-(stable)

Rating change in last month: No change

Sector: Fertilisers & Pesticides

About: Astec is engaged in the manufacturing and sale of intermediates, active ingredients and formulations, with a focus on the agro-chemical sector. The manufacturing is undertaken at four facilities in Maharashtra. In FY2012, the company also forayed into the CRAMS segment by bagging contracts from reputed global players Post Godrej Agrovet Ltd's (rated [ICRA]AA (Stable) / [ICRA]A1+) majority stake purchase in the company in late FY2016, Astec has benefitted in terms of managerial support as well as improved financial flexibility, resulting in an improved financial performance since FY2017. Astec is expected to continue to benefit from strong linkages to the Godrej Group, which may aid in its future expansion plans and may enable it to attract high-quality talent for strengthening its R&D function.

The company reported an operating income (OI) of ₹ 217.2 crore with an operating profit before depreciation, interest and tax (OPBDITA) of ₹ 21.7 crore and a profit after tax (PAT) of ₹ 4.1 crore in H1 FY2020, against an OI of ₹177.7 crore with an OPBDITA of ₹ 32.1 crore and a PAT of ₹ 13.0 crore in H1 FY2019. For Q3FY20, PAT was ₹12 cr vs ₹ 5 cr in Q3FY19.

ICICI SECURITIES LTD

Rating: CRISILA1+/AAA (Stable) ICRAA1+/AAA (stable)

Rating change in last month: No change

Sector: Financial Services

About: ICICI Securities Limited (I Sec), majority owned subsidiary of ICICI Bank (79.22% stake), offers broking services to institutional and retail clients in the cash equity and derivatives markets. ICICI Bank have infused capital aggregating ₹ 100 crore into I-Sec in the past years. The company also distributes public issues to corporates and high net worth individuals, and has a strong presence in investment banking. It has a large client base in the online retail broking segment. The company is also growing its wealth management business. I Sec distributes many financial market products, including insurance, mutual funds, and loans, for the ICICI group. In addition, ISec also distributes mutual fund products of other players in the market.

For fiscal 2019, I-Sec reported a PAT of ₹ 491 crore on a total income of ₹ 1,727 crore, against a PAT of ₹ 553 crore on a total income of ₹ 1,861 crore for the previous fiscal. For the half year ended September 30, 2019, I-Sec reported a PAT of ₹ 249 crore on a total income of ₹ 820 crore, against a PAT of ₹ 268 crore on a total income of ₹ 894 crore in the corresponding period of the previous fiscal. For Q3FY 20, PAT was ₹ 137cr against ₹101 cr in Q3FY19.

RELIANCE JIO INFOCOMM LIMITED

Rating: CRISILA1+/AAA (Stable), ICRA AAA (stable), CARE A1+/AAA(stable), India Ratings A1+/AAA(stable)

Rating Change in last month: No change

Sector: Telecom

About: RJIL, a subsidiary of RIL, has built an all-IP data network with the latest 4G LTE technology, which supports voice over LTE. RIL holds 99.44% equity stake in RJIL. The network can be upgraded to support even more data, as technologies advance on to 5G and beyond. The company has created an eco-system comprising network, devices, applications and content to provide seamless services. We factor in the strong managerial and financial support that Reliance Jio Infocomm Limited (RJIL) derives from its parent Reliance Industries Limited (RIL; rated [ICRA]AAA(Stable)/[ICRA]A1+ and Baa2 by Moody's), which holds 99.44% equity stake in the former. Also we consider the importance placed by RIL on the development and growth of the telecom business. The same is substantiated by RIL's continued, demonstrated support to RJIL in terms of sizeable capital contribution as well as its stated intent to support RJIL's operations and its financial obligations. In addition, RJIL's leadership position in terms of revenue market share in the Indian telecom industry, along with strong traction in customer acquisitions provides comfort. These strengths are partially offset by RJIL's exposure to a competitive telecom industry and regulatory risks in this space. For fiscal 2019, RJIL reported a PAT of ₹ 2,964 crore on a total income of ₹ 38,838 crore, against a PAT of ₹ 723 crore on a total income of ₹ 20,154 crore for the previous fiscal.

VEDANTA LIMITED

Rating: CRISILA1+/AA (Stable), India Ratings A1+/AA (stable)

Rating Change in last month: No change

Sector: Metals

About: Vedanta is a diversified metals, mining, power, and oil-and-gas company. It is held 50.1% by Vedanta Resources Ltd, which is based out of London, UK. Vedanta's operations include copper, iron ore, aluminium assets at Jharsuguda and Lanjigarh in Odisha and power divisions (2400-MW and 1215-MW captive power plants for the aluminium business). The company also holds aluminium operations through its subsidiary, Bharat Aluminium Company Ltd (BALCO). Also, a part of the power business (1980 MW) is conducted through wholly owned subsidiary, Talwandi Sabo Power Ltd. The O&G business has been merged with Vedanta, and the group operates the zinc business through Hindustan Zinc Ltd (HZL) and Zinc international in South Africa & Namibia. Also, in June 2018, Vedanta, through its wholly-owned subsidiary, Vedanta Star Ltd, acquired 90% stake in Electrosteel Steels Ltd (current operational capacity of 1.5 million tonnes per annum). Vedanta limited has strong resilience in business risk profile, driven by Vedanta's diversified presence across commodities, cost efficient operations in domestic zinc and oil & gas (O&G) businesses, and its large scale of operations. These credit strengths are partially offset by the high, albeit reducing, leverage, coupled with large capital expenditure (capex) plans, and susceptibility of its businesses to volatile commodity prices and regulatory risks. In the first six months of fiscal 2020, Vedanta reported revenue of ₹ 43,332 crore, EBITDA of ₹ 9,685 crore and net profit of ₹ 4,674 crore as against ₹ 44,911 crore, ₹ 11,729 crore and ₹ 3,733 crore, respectively, reported for the corresponding period in the previous fiscal.

SUNDARAM FINANCE LIMITED

Rating: CRISILA1+/AAA (Stable) ICRAA1+/AAA (stable)

Rating change in last month: No change

Sector: Financial Services

About: Sundaram Finance is registered with the Reserve Bank of India (RBI) as a deposit-taking NBFC, and is classified by the RBI as an asset financing company. The core business of CV and car financing, accounted for 79.1% of overall disbursements of ₹ 8,246 crore for the first half of fiscal 2020 (80.2% and ₹ 8374 crore, respectively in H1FY19). The company had a nationwide network of 680 branches and 4231 employees as on September 30, 2019. The ratings reflects the group's demonstrated ability to maintain healthy asset quality over economic cycles, comfortable capitalisation and a well-diversified resource profile. Furthermore, the group has sustained its market share in the retail vehicle financing segment, across multiple business cycles, and is also scaling up its presence in segments, such as mortgage finance, asset management and general insurance. The rating also reflects the group's strong management and conservative risk philosophy. These strengths are partially offset by the group's moderate market position in the overall financial services space in India. For fiscal 2019, Sundaram Finance reported total income and net profit of ₹ 3,418.2 crore and ₹ 1,126.3 crore, respectively, against ₹ 2,855.4 crore and ₹ 563.4 crore, respectively, for the previous year. The net profit of ₹ 1126.3 crore for the year is after considering the exceptional profit (₹ 522.26 cr.) on sale of 25.9% stake in Royal Sundaram General Insurance Co. Ltd. For the first half of fiscal 2020, SFL reported total income and net profit of ₹ 1,991.3 crore and ₹ 426.5 crore (including exceptional item), respectively, against ₹ 1,587 crore and ₹ 295 crore, respectively, for the corresponding period previous year.

Issuer wise Holding as on February 29, 2020

Issuer	Principal Cash Management Fund	Principal Credit Risk Fund	Principal Dynamic Bond Fund	Principal Low Duration Fund	Principal Short Term Debt Fund	Principal Ultra Short Term Fund
Astec Lifesciences Ltd	✓	✓				
AU Small Finance Bank Ltd		✓		✓	✓	✓
Axis Bank Ltd	✓			✓		✓
Bajaj Finance Ltd	✓			✓		✓
Bank Of Baroda	✓					✓
Export Import Bank Of India					✓	
HDFC Bank Ltd						✓
Hindalco Industries Ltd		✓			✓	
Housing Development Finance Corporation Limited	✓		✓		✓	✓
ICICI Bank Ltd				✓	✓	✓
ICICI Securities Limited	✓					
IDFC First Bank Ltd	✓	✓		✓		
IIFL Home Finance Limited		✓				
Indian Bank				✓		✓
Indian Railway Finance Corporation Limited					✓	
Indusind Bank Limited	✓			✓		
Larsen And Toubro Limited	✓					✓
LIC Housing Finance Ltd				✓	✓	✓
National Bank For Agriculture And Rural Development	✓	✓	✓	✓	✓	✓
National Housing Bank				✓	✓	✓
NTPC Limited					✓	
Oriental Bank Of Commerce	✓					✓
Power Finance Corporation Ltd				✓	✓	✓
Power Grid Corporation Of India Ltd				✓		✓
REC Limited						✓
Reliance Industries Ltd		✓		✓	✓	✓
Reliance Jio Infocomm Limited	✓		✓	✓		✓
Siyaram Silk Mills Ltd	✓					
Sundaram Finance Ltd				✓		✓
The Federal Bank Limited	✓					✓
The Ramco Cements Ltd				✓	✓	
The Tata Power Company Limited	✓					✓
Ultratech Cement Ltd					✓	
Vedanta Ltd	✓					✓

DISCLAIMER

Disclaimer:

The investment strategy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document of the scheme. The views contained herein are not to be taken as an advice or recommendation to buy or sell any investment or interest thereto. Diversification does not guarantee investment returns and does not eliminate the risk of loss. They are considered to be reliable at the time of writing, may not necessarily be all-inclusive and are not guaranteed as to accuracy. They may be subject to change without reference or notification to you. It should be noted that the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Past performance may or may not be sustained in future. The views and strategies described may not be suitable for all investors. Furthermore, whilst it is the intention to achieve the investment objective of the investment product(s), there can be no assurance that those objectives will be met. Investors are advised to consult their Investment advisors for determining their risk appetite and Tax Advisor before taking any investment decision.

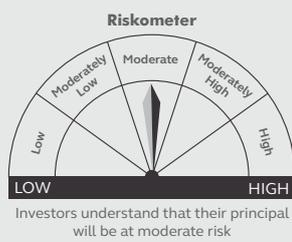
The data/statistics/ comments are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Principal Credit Risk Fund (An open ended debt scheme predominately investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds))

This Product Is Suitable For Investors Who Are Seeking~

- Income over a Medium to long term investment horizon.
- Investment in AA and below Rated Corporate Debt & other Debt and Money Market Instruments.

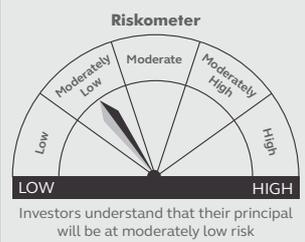


~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Principal Ultra Short Term Fund (An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months)

This Product Is Suitable For Investors Who Are Seeking~

- Income over a short term investment horizon.
- Investment in Debt & Money Market instruments.

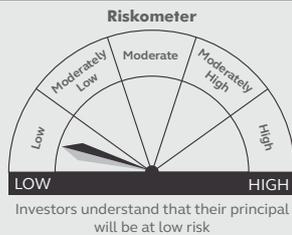


~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Principal Cash Management Fund (An Open-ended Liquid Scheme)

This Product Is Suitable For Investors Who Are Seeking~

- Income over a short term investment horizon.
- Investment in debt & Money Market Instruments, with maturity not exceeding 91 days.

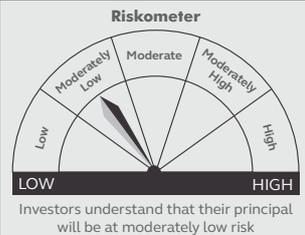


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Principal Low Duration Fund (An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months)

This Product Is Suitable For Investors Who Are Seeking~

- Income over a short term investment horizon.
- Investment in Debt & Money Market Instruments.

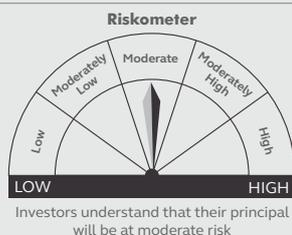


~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Principal Short Term Debt Fund (An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years)

This Product Is Suitable For Investors Who Are Seeking~

- Income over a medium term investment horizon.
- Investment in Debt & Money Market Instruments.

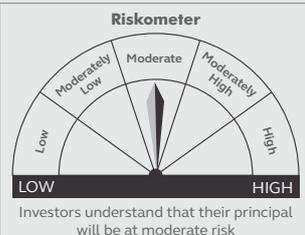


~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Principal Dynamic Bond Fund (An open ended dynamic debt scheme investing across duration)

This Product Is Suitable For Investors Who Are Seeking~

- Income over a long term investment horizon.
- Investment in Debt & Money Market Instruments.



~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.