

KEY INFORMATION MEMORANDUM

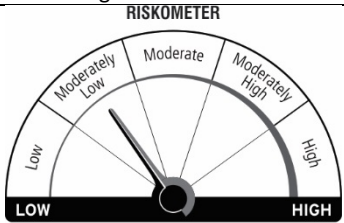
AND

APPLICATION FORM

**Principal
Arbitrage
Fund**

An open-ended scheme investing in arbitrage opportunities

(Offer of units at applicable NAV based price)

This product is suitable for investors who are seeking~-	
<ul style="list-style-type: none"> • Income over short-term • Income through arbitrage opportunities between cash and derivative market and arbitrage opportunities within the derivative segment. 	 <p>Investors understand that their principal will be at moderately low risk</p>
~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.	

**Principal Asset Management Private Limited
(formerly known as Principal Pnb Asset Management Company Private Limited)**

Investment Manager to Principal Mutual Fund

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

Principal Mutual Fund

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

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

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

Name of the scheme	Principal Arbitrage Fund			
Investment Objective	The investment objective of the scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments. There is no assurance or guarantee that the investment objective of the scheme will be realized.			
Type of Scheme	An open ended scheme investing in arbitrage opportunities.			
Asset Allocation Pattern of the scheme	Under normal circumstances, the asset allocation would be as follows:			
	Instruments	Indicative allocation (% of total assets)		Risk Profile
		Minimum	Maximum	
	Equity and equity related instruments	65	90	Medium to High
	Equity derivatives	65	90	Medium to High
	Debt securities and Money Market Instruments# (including Margin for Derivatives) and Fixed Income Derivatives	10	35	Low
	<p># The Scheme may invest in Treasury Bills, Repos, Reverse Repos & Tri-party repo ("TREPS") and units of Debt / Liquid and Money Market Mutual Fund Schemes.</p> <p>When adequate arbitrage opportunities are not available in the Derivative and Equity markets, the anticipated alternate asset allocation on defensive considerations would be in accordance with the allocation given below. However, in case no arbitrage opportunity is available, then 100% of the remaining investible corpus (excluding margin for derivatives and to the extent not deployed in arbitrage opportunities in the asset allocation pattern mentioned above) will be deployed in short term debt and money market instruments with tenure not exceeding 91 days (including investments in securitized debt). In this scenario also, the allocation in Equities and equity related instruments, Derivatives including index futures, stock futures will continue to be made in arbitrage opportunities only.</p>			
	Instruments	Minimum	Maximum	Risk Profile
	Equity and equity related instruments including Derivatives	0	65	Medium to High
	Debt securities and Money Market Instruments# (including Margin for Derivatives) and Fixed Income Derivatives	10	35	Medium to High
	Short term Debt and Money market instruments not exceeding tenure of 91 days (including investments in securitized debt)	0	100	Low
	<p># The Scheme may invest in Treasury Bills, Repos, Reverse Repos & Tri-party repo ("TREPS") and units of Debt / Liquid and Money Market Mutual Fund Schemes.</p> <p>Investment in Securitized Debt may be up to 30% of the net assets of the Scheme.</p> <p>Subject to the SEBI Regulations, the Mutual Fund may deploy upto 20% of its total net assets of the Scheme in Stock Lending.</p> <p>The above asset allocation for defensive consideration will be for a maximum period of 30 days within which the asset allocation will be rebalanced back to as indicated for normal circumstances. Any further deviation over the period of 30 days in the rebalancing would be referred to the Investment Committee of the AMC for review and suggestions.</p> <p>The above mentioned investment pattern is indicative and may change for short duration. Subject to the SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, and political and economic factors. The intention being at all times to seek to protect the interests of the unit holders. Such changes in the investment pattern will be for short term and defensive considerations. However, due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short-term purpose only, for defensive considerations and the intention being at all times to protect the interests of the Unit Holders. The Fund Manager shall rebalance the portfolio within 30 days from the date of deviation to bring it in line with the asset allocation pattern as indicated in this SID. Further, in case the rebalancing is not done within</p>			

	<p>the specified period, justification for the same shall be provided to the Investment Committee and the reason for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action.</p>																																				
Risk Profile of the Scheme	<p>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:</p> <p>The primary objective of the Fund Manager is to identify investment opportunities and to exploit price discrepancies in various markets. Identification and exploitation of the strategies to be pursued by the Fund Manager involve uncertainty. No assurance can be given that Fund Manager will be able to locate investment opportunities or to correctly exploit price discrepancies in the capital markets. Reduction in mis-pricing opportunities between the cash market and Future and Options market may lead to lower level of activity.</p> <p>As the Scheme proposes to execute arbitrage transactions in various markets simultaneously, this may result in high portfolio turnover and, consequently, high transaction cost. There may be instances, where the price spread between cash and derivative market is insufficient to meet the cost of carry. In such situations, the fund manager due to lack of opportunities in the derivative market may not be able to outperform liquid / money market funds.</p> <p>Though the constituent stocks of most indices are typically liquid, liquidity differs across stock. Due to heterogeneity in liquidity in the capital market segment, trades on this segment do not get implemented instantly. This often makes arbitrage expensive, risky and difficult to implement.</p>																																				
Risk Mitigation Factors	<p>This investment strategy attempts to profit from the Cost of Carry between the cash markets and futures market.</p> <p>The Cost of Carry tracks short term interest rates and therefore, while the rate of return will vary, we expect that there will always be opportunities that can be exploited.</p> <p>Type of Risk & Measures to mitigate risk</p> <p>Volatility: The Scheme will take arbitrage position in cash and derivative segment whereby it will buy stock in cash segment and sell corresponding stock futures in derivatives segment. Such position may be wound up either before maturity or rolled over/square off on maturity (i.e. last Thursday of the month). On settlement day, the positions are expected to converge. Hence, volatility in stock/future prices during the intervening period is not applicable and therefore, volatility risk is not applicable to the Scheme.</p> <p>Liquidity: The Scheme would use arbitrage strategies using derivatives traded on futures & option segment of stock exchanges. Liquidity of stocks admitted to futures & option segment of stock exchanges is reasonably higher.</p> <p>Concentration: The fund manager would identify opportunities for mis-pricing in cash and derivative segment and execute the deals simultaneously in both the markets. The Scheme will not take any sector/stock specific position and trade decisions will be purely based on the spread between cash and future price. Hence, concentration risk is not applicable.</p>																																				
Investment Plans & Options	<p>The Scheme will offer two Plans i.e. Regular Plan & Direct Plan.</p> <p>Each of the Plans mentioned above offers Growth and Dividend Option.</p> <p>The Monthly Dividend Option under both the Plans will have the facility of Payout, Reinvestment and Sweep.</p> <p>Refer table below for understanding the result for various options selected by the investor for applications –</p> <table border="1"> <thead> <tr> <th>Scenario</th> <th>Broker Code mentioned by the investor</th> <th>Plan mentioned by the investor</th> <th>Default Plan to be captured</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Not mentioned</td> <td>Not mentioned</td> <td>Direct Plan</td> </tr> <tr> <td>2</td> <td>Not mentioned</td> <td>Direct</td> <td>Direct Plan</td> </tr> <tr> <td>3</td> <td>Not mentioned</td> <td>Regular</td> <td>Direct Plan</td> </tr> <tr> <td>4</td> <td>Mentioned</td> <td>Direct</td> <td>Direct Plan</td> </tr> <tr> <td>5</td> <td>Direct</td> <td>Not Mentioned</td> <td>Direct Plan</td> </tr> <tr> <td>6</td> <td>Direct</td> <td>Regular</td> <td>Direct Plan</td> </tr> <tr> <td>7</td> <td>Mentioned</td> <td>Regular</td> <td>Regular Plan</td> </tr> <tr> <td>8</td> <td>Mentioned</td> <td>Not Mentioned</td> <td>Regular Plan</td> </tr> </tbody> </table> <p>As mentioned above Investors should indicate the plan for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form.</p> <p>In cases of wrong/invalid/incomplete ARN codes mentioned on the application form, the application shall be processed under Regular plan. The AMC shall contact and obtain the correct ARN code within 30 calendar</p>	Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured	1	Not mentioned	Not mentioned	Direct Plan	2	Not mentioned	Direct	Direct Plan	3	Not mentioned	Regular	Direct Plan	4	Mentioned	Direct	Direct Plan	5	Direct	Not Mentioned	Direct Plan	6	Direct	Regular	Direct Plan	7	Mentioned	Regular	Regular Plan	8	Mentioned	Not Mentioned	Regular Plan
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	<p>days of the receipt of the application form from the investor/distributor. In case, the correct code is not received within 30 calendar days, the AMC will reprocess the transaction under Direct plan from the date of application without any exit load.</p>
<p>Investment Strategy</p>	<p>The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the scheme may predominantly invest in short-term debt and money market securities. The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously. For example, on December 4, 2014, the scheme buys a share of XYZ Company on spot @ Rs 1000 and at the same time sells XYZ Company futures for December 2014 expiry @ Rs 1020. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 25, 2014. If the scheme holds this position till expiry of the futures, the scheme earns profit of Rs 20 on the date of expiry before accounting for trading costs and taxes.</p> <p>In case the scheme has to unwind the transaction prior to the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at Rs 980 and the futures are bought at ` 1010 then there would be negative returns on the trade. If the spot is sold at Rs 1020 and the futures are bought at ` 1015 then there would be positive returns from the trade. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously. Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity while holding onto the spot position. There could also be occasions when both the spot and the future position is unwound before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. The Scheme will strive to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures. The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 December 2014, the scheme buys 1000 futures contracts of ABC Ltd. for December expiry at Rs 3000 each and sells an equivalent 1000 futures contract of ABC Ltd. for January expiry at Rs 3030. Thereby the scheme enters into a fully hedged transaction. Closer to the Expiry date of the December contract, the scheme has two options. 1) Unwind the transaction by selling the 1000 December contracts and buying 1000 January contracts of ABC. The returns are a function of the spread between the sale price of the January contract and the buy price of the December contract. If this spread is less than Rs 30, the returns are positive else the returns are negative. 2) On the expiry date i.e. 30 December, 2014, the scheme would let the December contract expire and square off 1000 contracts that it holds for January maturity. The returns would be a function of the spread between settlement price of the December contract and the price at which January contracts are squared-off. If this spread is lower than Rs 30 then the returns are positive and if it is higher than Rs 30 the returns are negative. The Scheme can also initiate the transaction in the opposite direction i.e. by selling the December futures and buying the January futures, if it sees a profit potential. Under all circumstances the scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the scheme can also take offsetting positions in index futures of different calendar month.</p> <p>The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks. The Scheme would invest in a range of fixed income and money market instruments including units of Debt/Liquid/Money Market Mutual Fund Schemes. Further the Scheme may also invest in financial derivatives such as options and futures & Interest Rate Swap (IRS) that are permitted or may become permissible under SEBI/RBI Regulations. The proportion of assets to be so invested would be decided by the AMC at the appropriate time, and would be done in accordance with the relevant guidelines to be issued by SEBI/RBI and other authorities.</p>
<p>Applicable NAV (after the scheme opens for repurchase and sale)</p>	<p>Purchase/Switch-in for an amount less than Rs 2 Lakh</p> <ul style="list-style-type: none"> In respect of valid applications received upto 3.00 pm with a local cheque or demand draft payable at par at the Official Points of Acceptance of Transactions where it is received, the closing NAV of the day of receipt of application shall be applicable;

	<ul style="list-style-type: none"> In respect of valid applications received after 3.00 pm with a local cheque or demand draft payable at par at the Official Purchase/Switch-in for an amount of Rs 2 Lakh and above In respect of valid application received before 3.00 p.m. on a business day and funds for the entire amount of purchase/ switch-in as per the application are credited to the bank account of the Scheme and are available for utilization before the cut-off time, the closing NAV of the day on which the funds are available for utilization shall be applicable; In respect of valid application received after 3.00 p.m. on a business day and funds for the entire amount of purchase/switch-in as per the application are credited to the bank account of the Scheme and available for utilization before the cut-off time of the next business day, the closing NAV of the next business day shall be applicable; However, irrespective of the time of receipt of application, where the funds are not available for utilisation on the day of the application, the closing NAV of the Business Day on which the funds are available for utilisation before the cut-off time (3:00 p.m.) shall be applicable. <p>Further, in case of multiple applications for purchases/switch-ins in any of the Scheme (irrespective of its Plan/Option) for an aggregate investment amount equal to or more than R2 Lakh on the same business day, such application shall be consolidated at PAN level irrespective of the number of the total application amount of R2 Lakh and above to determine the NAV applicability.</p> <p>Cut Off Time For Redemptions / Switch-out:</p> <ul style="list-style-type: none"> In respect of valid applications received upto 3.00 p.m. at the Official Points of Acceptance of Transactions, same day's closing NAV will be applicable In respect of valid applications received after 3.00 p.m. at the Official Points of Acceptance of Transactions, the closing NAV of the next business day shall be applicable. <p>The above cut-off timings shall also be applicable to investment made through "Sweep" mode available in the Dividend Option.</p> <p>Cut off time as mentioned above shall be reckoned at the Official Points of Acceptance of transactions as disclosed in the Scheme Information Document, KIM and the web-site, www.principalindia.com</p>						
Minimum Application Amount / Number of Units	<table border="1"> <thead> <tr> <th>Purchase</th> <th>Additional Purchase</th> <th>Repurchase</th> </tr> </thead> <tbody> <tr> <td>Rs 5,000 and any amount thereafter under each Plan/Option.</td> <td>Rs 1,000 and any amount thereafter under each Plan/Option.</td> <td>Rs 500/- or 50 units or account balance whichever is less</td> </tr> </tbody> </table>	Purchase	Additional Purchase	Repurchase	Rs 5,000 and any amount thereafter under each Plan/Option.	Rs 1,000 and any amount thereafter under each Plan/Option.	Rs 500/- or 50 units or account balance whichever is less
Purchase	Additional Purchase	Repurchase					
Rs 5,000 and any amount thereafter under each Plan/Option.	Rs 1,000 and any amount thereafter under each Plan/Option.	Rs 500/- or 50 units or account balance whichever is less					
Dispatch of Redemption Proceeds	Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund						
Dividend Policy	Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.						
Benchmark Index	Nifty 50 Arbitrage Index						
Folio Count & AUM (As on Aug. 31, 2019)	<ul style="list-style-type: none"> Folio – 194 AUM – Rs 5.14 Crores 						
Fund Manager & Managing the Current Fund from	Mr. Rajat Jain - April 2016 (Tenure of the Fund Manager - 3 years 5 Months)						
Total Investment Experience	30 years						
Name of the Trustee Company	Principal Trustee Company Private Limited						

PERFORMANCE OF THE SCHEME:	Returns (%) of Growth Option under Regular Plan and Direct Plan as at Aug 30, 2019				Absolute Returns for each financial year for the last 5 years 																																						
	Period	Regular Plan		Direct Plan																																							
		Scheme	Benchmark	Scheme		Benchmark																																					
	Last 1 Year	-1.34	6.94	-0.88		6.94																																					
Last 3 Years	2.86	5.38	3.48	5.38																																							
Since Inception *	3.32	5.50	3.95	5.50																																							
* Regular Plan - April 21, 2016 Direct Plan - April 21, 2016 Past performance may or may not be sustained in the future. Note: Returns more than 1 year are calculated on compounded annualised basis.																																											
PORTFOLIO - Top 10 Holdings (As on Aug. 31, 2019)		SECTOR ALLOCATION - Top 10 (As on Aug. 31, 2019)		*PORTFOLIO TURNOVER RATIO (As on Aug. 31, 2019)	8.88																																						
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Website link for Monthly Portfolio Holding -www.principalindia.com																																											
Expenses of the Scheme	Exit Load: If redeemed on or before 30 days from the date of allotment - 0.50%. If redeemed after 30 days from the date of allotment - NIL																																										
(i)Load Structure :																																											
(ii)Recurring Expenses:	Annual Recurring expenses as a percentage of Daily Net Assets: These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below: The AMC has estimated the following percentage of the daily net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.																																										
	Nature of Expenses**			Regular Plan under - Principal Arbitrage Fund																																							

	% of daily net assets**
A. Investment Management and Advisory Fees charged by the AMC [^]	2.25
B. Other expenses relating to administration of the Plan -	
– Trustee Fees	
– Registrar and Transfer Agent Fees	
– Audit Fees	
– Custodian Fees	
– Costs related to investor communications	
– Marketing and Selling Expenses	
– Costs of fund transfer from one location to another,	
– Cost of providing account statements and repurchase cheques and warrants	
– Costs of statutory advertisements	
– Cost towards investor education & awareness (at least 0.02 percent)	
– Brokerage & transaction cost (inclusive of Goods and Service tax) over and above 0.12 percent and 0.05 percent for cash and derivative market trades respectively	
– Goods and Service tax on expenses other than Investment Management and advisory fees	
Total Annual Recurring Expenses (A+B)	2.25
Additional expenses under regulation 52 (6A) (c)@	Upto 0.05%
Additional expenses for gross new inflows from specified cities #	Upto 0.30%

[^]Principal Asset Management Private Limited (PAMC) (formerly known as Principal Pnb Asset Management Company Private Limited) may charge the Scheme with Investment and Advisory Fees which shall be within the limits of total expenses prescribed under Regulation 52.

It is clarified that the sum total of A plus B shall not exceed 2.25% of the daily net assets of the Scheme.

****Direct Plan** under the aforementioned Scheme shall have a lower expense ratio excluding distribution expenses, commission, etc. and no commission for distribution of Units will be paid / charged under the Direct Plan. At least 10% of the TER is charged towards distribution expenses/ commission in the Regular Plan. The TER of the Direct Plan will be lower to the extent of the abovementioned distribution expenses/ commission (at least 10%) which is charged in the Regular Plan.

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

As per Regulation 52(6) of SEBI (Mutual Funds) Regulations, 1996, the maximum recurring expenses including the investment management and advisory fee that can be charged to the Scheme shall be subject to a percentage limit of Daily net assets as given in the table below.

Daily Net Assets	%	Additional Total Expense Ratio as per SEBI Regulations 52 (6A) (c) #	Additional Total Expense Ratio as per SEBI

			Regulations 52 (6A) (b) #
First Rs. 500 crores	2.25%	0.05%	0.30%
Next Rs. 250 crores	2.00%	0.05%	0.30%
Next Rs. 1,250 crores	1.75%	0.05%	0.30%
Next 3,000 crores	1.60%	0.05%	0.30%
Next 5,000 crores	1.50%	0.05%	0.30%
Next 40,000 crores	Reduction of 0.05% for every increase of 5000 crores	0.05%	0.30%
Balance of assets over and above Rs. 50,000 crores	1.05%	0.05%	0.30%

Further, in addition to the limits on total expenses specified in Regulation 52(6) of SEBI (Mutual Funds) Regulations, 1996 (the Regulation) the following expenses may be charged to the Scheme under Regulation 52 (6A) -

(a) Brokerage and transaction costs incurred for the purpose of execution of trades and included in the cost of investment, not exceeding 0.12% of the value of trades in case of cash market transactions and 0.05% of the value of trades in case of derivative transactions.; Further, in accordance with SEBI circular no. CIR/IMD/DF/24/2012 dated November 19, 2012, the brokerage and transaction costs incurred for the execution of trades will be capitalized to the extent of 0.12% of the value of the trades in case of cash market transactions and 0.05% of the value of the trades in case of derivatives transactions. Any payment towards brokerage and transaction costs(including Goods and Service tax, if any incurred) for the execution of trades over and the said 0.12% and 0.05% of the cash market transactions and derivative transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio as prescribed under Regulation 52 of the SEBI(MF) Regulations. Any expenditure in excess of the said prescribed limit (including brokerage and transaction cost. if any) shall be borne by the AMC or by the Trustee or Sponsor.

(b) #Expenses not exceeding 0.30% of daily net assets, if the new inflows from such cities as specified by SEBI from time to time are at least (i) 30% of gross inflows in the Scheme OR (ii) 15% of the average assets under management (year to date) of the Scheme - whichever is higher.

However if inflows from such cities is less than the higher of (i) & (ii) as mentioned above, such expenses on daily net assets of the Scheme may be charged on proportionate basis. Further, the expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from such cities. The amount incurred as expense on account of inflows from such cities shall be credited back to the Plan in case the said inflows are redeemed within a period of one year from the date of investment. . Inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from “retail investor”.

(c) Additional expenses incurred towards different heads mentioned under sub-regulation 52(2) & 52(4) of the Regulation not exceeding 0.05% of the daily net assets of the scheme or as specified by the Board.

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

AMC may charge Goods and Service tax on investment and advisory fees of the Scheme in addition to the maximum limit of TER as per the Regulation 52(6) and (6A).

These estimates have been made in good faith by the AMC and are subject to change inter-se. The expenses may be more than as specified in the table above, but the total recurring expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI Regulations. Expenses over

	<p>and above the permissible limits will be borne by the AMC and/or the Trust and/or the sponsor. Any expense other than those specified in the SEBI Regulations shall be borne by the AMC and/ or the Sponsors and/or Trust. The purpose of the above table is to assist the unitholder in understanding the various costs and expenses that a unitholder in the Plan will bear directly or indirectly.</p> <p>The mutual fund would update the current expense ratios on the website at least three working days prior to the effective date of the change. Additionally, AMCs shall upload the TER details on the website under the below link: https://www.principalindia.com/downloads-disclosures.aspx</p> <p>Any other expenses that are directly attributable to the Scheme, and permissible under SEBI (Mutual Funds) Regulations, 1996 from time to time, may be charged within the overall limits as specified in the Regulations.</p> <p>The Scheme shall strive to reduce the level of these expenses so as to keep them well within the maximum limits currently allowed by SEBI and any revision in the said expenses limits by SEBI would be applicable.</p> <p>All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of the Asset Management Companies (AMC), its associate, sponsor, trustee or any other entity through any route.</p> <p>All fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan.</p>
(iii)Actual Expenses:# (For the previous Financial Year 2018-2019)	<p>Direct Plan – 0.40%• Regular Plan – 0.91% #Expense ratio includes Goods and Services tax on Management Fees over and above TER and Additional B15 Exp ratio.</p>
Waiver of Load for Direct Applications	Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no entry load shall be charged for all Mutual Fund Scheme(s). Therefore, the procedure for waiver of load for direct applications is no longer applicable.
Tax treatment for the Investors (Unitholders)	Investors are advised to refer to the details in the Statement of Additional Information and also independently consult their tax advisor.
Daily Net Asset Value (NAV) Publication	The NAV of the Scheme will be calculated on all Business Days. The same would also be updated on AMFI website by 11.00 p.m. on all Business Days. The NAV can also be viewed on the website of the Mutual Fund i.e. www.principalindia.com .
For Investor Grievances Please Contact	<p>Principal Mutual Fund: Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051. TOLL FREE: 1800 425 5600. Fax: +91 22 6772 0512. E-mail: customer@principalindia.com</p> <p>Registrar: Karvy Fintech Private Limited. (Unit: Principal Mutual Fund), Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032. • www.karvyfintech.com</p>
Unitholders' Information:	<p>Account Statement: An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of receipt of valid application to the Unit holders registered e-mail address and/or mobile number. Thereafter, a Consolidated Account Statement (CAS) containing details relating to all the transactions carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month shall be sent to the Unit holder in whose folio transactions have taken place during that month, on or before 10th of the succeeding month. In case of a specific request received from the Unit holders, the AMC/Fund will provide an account statement (reflecting transactions of the Fund) to the investors within 5 Business Days from the receipt of such request. Further, the CAS detailing holding across all schemes of all mutual funds at the end of every six months (i.e. September/ March), shall be sent by mail/e-mail on or before 10th of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period. The half yearly consolidated account statement will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical form. The holding(s) of the beneficiary account holder for units held</p>

	<p>in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically. Investors having MF investments and holding securities in Demat account shall receive a single Consolidated Account Statement (CAS) from the Depository. If an investor does not wish to receive single CAS from the depository, an option shall be given to the investor to indicate negative consent and receive the normal CAS only w.r.t mutual fund investments in lieu of this single CAS. For more details, please refer the Scheme Information Document (SID) and Statement of Additional Information (SAI).</p> <p>Securities Consolidated Account Statement (SCAS): Investors who have a demat account and opt to hold units in nondemat form, a single SCAS generated based on PAN for each calendar month, shall be sent by mail/email in whose folio(s) transaction(s) has/have taken place during the month on or before 10th of the succeeding month. The SCAS will be sent by e-mail to the investor(s) whose e-mail address is registered with the Depositories. In case an investor does not wish to receive SCAS through e-mail, an option shall be given by the Depository to receive SCAS in physical. Where PAN is not available, the account statement shall be sent to the Unit holder by the AMC. In case there is no transaction in the folio, a half yearly SCAS detailing holding across all schemes of mutual funds and securities held in dematerialized form across demat accounts shall be sent by Depositories to investors at the end of every six months (i.e. September/March), on or before 10th day of succeeding month. The half yearly SCAS will be sent by mail/e-mail as per the mode of receipt opted by the investors to receive monthly SCAS. Investors who are not eligible for receiving SCAS shall continue to receive a monthly account statement from the AMC. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically. For more details, please refer the SID and SAI.</p> <p>Portfolio Statement: The Annual financial results of the Schemes or an abridged summary thereof shall be provided to all unitholders within 4 months from the date of the closure of the relevant accounts i.e. March 31 each year. Half Yearly unaudited financial results shall be hosted on our website - www.principalindia.com within one month from the close of each half year (i.e. 31st March and 30th September). The Fund shall disclose portfolio (along with ISIN) as on the last day of the month/ half-year for the Scheme on its website www.principalindia.com and on the website of AMFI within 10 days from the close of each month/ half-year respectively in a user friendly and downloadable format. Mutual Fund/ AMC shall provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.</p>
<p>For more details, please refer the Scheme Information Document (SID) and Statement of Additional Information (SAI).</p>	

Key Information Memorandum dated September 30, 2019.

PRODUCT DIFFERENTIATION

Comparison of certain features of Principal Arbitrage Fund vis-a-vis other existing open-ended Hybrid Schemes of Principal Mutual fund																																		
Scheme Name	Principal Balanced Advantage Fund			Principal Arbitrage Fund																														
Investment Objective	<p>The primary objective of the scheme is to seek to generate long term capital appreciation with relatively lower volatility through systematic allocation of funds into equity; and in debt /money market instruments for defensive purposes. The Scheme will decide on allocation of funds into equity assets based on equity market Price Earnings Ratio (PE Ratio) levels. When the markets become expensive in terms of 'Price to Earnings' Ratio; the Scheme will reduce its allocation to equities and move assets into cash future arbitrage/ equity derivatives, debt and/or money market instruments and vice versa</p>			<p>The investment objective of the Scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.</p> <p>There is no assurance or guarantee that the investment objective of the Scheme will be realized.</p>																														
Asset Allocation Pattern	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Type of instrument</th> <th colspan="2">Normal Allocation of Net Assets (%)</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity Related Instruments</td> <td>65</td> <td>100</td> <td>High</td> </tr> <tr> <td>Debt or Money Market Securities and/or units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s) of Principal Mutual Fund.</td> <td>0</td> <td>35</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>The minimum net equity exposure will be 15% at all points of time.</p> <p>Investment in derivatives shall be upto 85% of the net assets of the Scheme.</p> <p>Deployment upto 20% of its total net assets of the Scheme in Stock Lending, subject to the SEBI regulations.</p> <p>The Scheme has no intention to invest in Securitised Debt.</p>			Type of instrument	Normal Allocation of Net Assets (%)		Risk Profile	Minimum	Maximum	Equity and Equity Related Instruments	65	100	High	Debt or Money Market Securities and/or units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s) of Principal Mutual Fund.	0	35	Low to Medium	<p>The Indicative asset allocation will be as under</p> <table border="1"> <thead> <tr> <th>Instruments</th> <th>Minimum (%)</th> <th>Maximum (%)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and equity related instruments</td> <td>65</td> <td>90</td> <td>Medium to High</td> </tr> <tr> <td>Equity derivatives</td> <td>65</td> <td>90</td> <td>Medium to High</td> </tr> <tr> <td>Debt securities and Money Market Instruments# (including Margin for Derivatives) and Fixed Income Derivatives</td> <td>10</td> <td>35</td> <td>Low</td> </tr> </tbody> </table> <p># The Scheme may invest in Treasury Bills, Repos, Reverse Repos & Tri-party repo ("TREPS") and units of Debt/Liquid and Money Market Mutual Fund Schemes.</p>	Instruments	Minimum (%)	Maximum (%)	Risk Profile	Equity and equity related instruments	65	90	Medium to High	Equity derivatives	65	90	Medium to High	Debt securities and Money Market Instruments# (including Margin for Derivatives) and Fixed Income Derivatives	10	35	Low
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	Investment in the units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s) shall not exceed 5% of the net asset value of the mutual fund.															
Investment Strategy	<p>The Scheme will decide on allocation of funds into equity assets based on equity market Price Earning Ratio (PE Ratio) levels. The PE Ratio has traditionally been used as a tool to assess whether the equity markets are cheap or expensively priced. When the markets become expensive in terms of 'Price to Earnings' Ratio; the Scheme will reduce its allocation to equities and move assets into debt and/or money market instruments and vice versa. Such a strategy is expected to optimise the risk-return proposition for the long term investor. Under normal circumstances; the scheme's asset allocation will follow the table below based on Nifty 50 Trailing PE Ratio Level –</p> <table border="1" data-bbox="159 705 748 1283"> <thead> <tr> <th data-bbox="159 705 461 825">Weighted Avg PE (Standalone) of Nifty 50 Index</th> <th data-bbox="461 705 748 825">Net Equity Component (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="159 825 461 879">Less than or equal to 18</td> <td data-bbox="461 825 748 879">80-100</td> </tr> <tr> <td data-bbox="159 879 461 968">Above 18 – Less than or equal to 20</td> <td data-bbox="461 879 748 968">60-80</td> </tr> <tr> <td data-bbox="159 968 461 1056">Above 20 – Less than or equal to 22</td> <td data-bbox="461 968 748 1056">40-60</td> </tr> <tr> <td data-bbox="159 1056 461 1144">Above 22 – Less than or equal to 24</td> <td data-bbox="461 1056 748 1144">30-50</td> </tr> <tr> <td data-bbox="159 1144 461 1232">Above 24 – Less than or equal to 26</td> <td data-bbox="461 1144 748 1232">20-40</td> </tr> <tr> <td data-bbox="159 1232 461 1283">Above 26</td> <td data-bbox="461 1232 748 1283">15-25</td> </tr> </tbody> </table> <p>For this purpose the month-end Trailing PE Ratio of Nifty 50 Index (NSE Nifty) will be considered.</p> <p>Such a PE Ratio will be the month-end weighted average PE Ratio of the constituent stocks making up the Nifty 50 Index. The Price considered will be the closing market price on the NSE as at the month end. The undiluted earnings per share will reflect the trailing earnings of the most recent four quarters of each of the companies, for which information is available.</p> <p>Thus every month end we would observe the above mentioned PE ratio and the resultant PE band. The investment strategy outlines different PE bands and the asset allocation applicable to each band. If there is a change in the PE band as observed on the latest month-end as compared to last month-end (due to Nifty's PE moving out of one band to another) then it will require rebalancing of portfolio to bring the equity component in line with the new band. This rebalancing would be done latest before the end of the subsequent month.</p>	Weighted Avg PE (Standalone) of Nifty 50 Index	Net Equity Component (%)	Less than or equal to 18	80-100	Above 18 – Less than or equal to 20	60-80	Above 20 – Less than or equal to 22	40-60	Above 22 – Less than or equal to 24	30-50	Above 24 – Less than or equal to 26	20-40	Above 26	15-25	<p>The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the scheme may predominantly invest in short-term debt and money market securities. The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously. For example, on December 4, 2014, the scheme buys a share of XYZ Company on spot @ Rs. 1000 and at the same time sells XYZ Company futures for December 2014 expiry @ Rs. 1020. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 25, 2014. If the scheme holds this position till expiry of the futures, the scheme earns profit of Rs. 20 on the date of expiry before accounting for trading costs and taxes.</p> <p>In case the scheme has to unwind the transaction prior to the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at Rs. 980 and the futures are bought at Rs. 1010 then there would be negative returns on the trade. If the spot is sold at Rs. 1020 and the futures are bought at Rs. 1015 then there would be positive returns from the trade. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously. Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity while holding onto the spot position. There could also be occasions when both the spot and the future position is unwound before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. The Scheme will strive to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures. The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 December 2014, the scheme buys 1000 futures contracts of ABC Ltd. For December expiry at Rs.3000 each and sells an equivalent 1000 futures contract of ABC Ltd. for January expiry at Rs.3030. Thereby the scheme enters into a fully hedged transaction. Closer to the expiry date of the December contract, the scheme has two options. 1) Unwind the transaction by selling the 1000 December contracts and buying 1000 January contracts of ABC. The returns are a function of the spread between the sale price of the January contract and the buy price of the December contract. If this</p>
Weighted Avg PE (Standalone) of Nifty 50 Index	Net Equity Component (%)															
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Above 26	15-25															

	<p>To determine the net equity allocation within the asset allocation bands specified above, the Fund Manager may also take into account parameters such as those listed below :</p> <ol style="list-style-type: none"> 1. Yield Gap (defined as the ratio of the prevailing 10 years G-Sec bond yield and the inverse of the Index level trailing PE) 2. Index level Price to Book Value in relation to the Index RoE, 3. Market Volatility Indicator (India VIX) 4. Other valuation parameters namely, Enterprise Value to EBITDA Ratio, Index level PE to Growth Ratio (PEG), Index level Price to Cash EPS, Index Level Dividend Yield etc. <p>The Trustee reserves the right; to change the above said PE Ratio bands or to apply any other criteria for determining the allocation of funds to equity instruments, if the NSE Nifty Index is either suspended or becomes irrelevant for any reasons whatsoever.</p>	<p>spread is less than Rs. 30, the returns are positive else the returns are negative. 2) On the expiry date i.e. 30 December, 2014, the scheme would let the December contract expire and square off 1000 contracts that it holds for January maturity. The returns would be a function of the spread between settlement price of the December contract and the price at which January contracts are squared-off. If this spread is lower than Rs. 30 then the returns are positive and if it is higher than Rs. 30 the returns are negative. The Scheme can also initiate the transaction in the opposite direction i.e. by selling the December futures and buying the January futures, if it sees a profit potential. Under all circumstances the scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the scheme can also take offsetting positions in index futures of different calendar month.</p> <p>The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks. The Scheme would invest in a range of fixed income and money market instruments including units of Debt/Liquid/Money Market Mutual Fund Schemes. Further the Scheme may also invest in financial derivatives such as options and futures & Interest Rate Swap (IRS) that are permitted or may become permissible under SEBI/RBI Regulations. The proportion of assets to be so invested would be decided by the AMC at the appropriate time, and would be done in accordance with the relevant guidelines to be issued by SEBI/RBI and other authorities.</p>
AUM in Rs. Cr. (Aug 31, 2019)	209.53	5.14
No. of Folios (Aug 31, 2019)	6779	194
Differentiation	The scheme is an equity scheme, seek to generate long term capital appreciation with relatively lower volatility through systematic allocation of funds into equity; and in debt /money market instruments for defensive purposes.	The scheme is positioned to generate capital appreciation and income by investing in arbitrage opportunities in the cash and derivative segments of equity markets and in debt and money market securities.
Scheme Name	Principal Equity Savings Fund	
Investment Objective	The investment objective of the Scheme is to provide capital appreciation and income distribution to the investors by using equity and equity related instruments, arbitrage opportunities, and investments in debt and money market instruments.	

However, there can be no assurance that the investment objective of the Scheme will be realized or that income will be generated and the scheme does not assure or guarantee any returns

Asset Allocation Pattern

Under normal circumstances, the asset allocation would be as follows:

Type of instrument	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related instruments	65	90	Medium to High
Of which Net Long Equity Exposure (including units of Equity Mutual Fund Schemes)*	20	35	High
Of which Equity Exposure Equity (only arbitrage opportunity)**	40	70	Low to Medium
Debt securities and money market instruments# (including margin for derivatives) and Fixed Income Derivatives	10	35	Low

* In the scheme, unhedged equity exposure shall be limited to 35% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.

** Equity exposure would be completely hedged with corresponding equity derivatives.; the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and / or investment restrictions on the issuer. The margin money requirement for the purposes of derivative exposure may be held in the form of Term Deposits.

The Scheme may invest in Treasury Bills, Repos, Reverse Repos, Tri-party repo ("TREPS"), cash and cash equivalents and units of Debt/Liquid/ Money Market Mutual Fund Schemes.

When adequate arbitrage opportunities are not available in the Derivative and Equity markets, the anticipated alternate asset allocation on defensive considerations would be in accordance with the allocation given below. However, in case no arbitrage opportunity is available, then 100% of the remaining investible corpus (excluding margin for derivatives and to the extent not deployed in arbitrage opportunities in the asset allocation pattern mentioned above) will be deployed in short term debt and money market instruments with tenure not exceeding 91 days (including investments in securitized debt).

Type of instrument	Normal Allocation (% of Net Assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related instruments	20	75	Medium to High
Of which Net Long Equity Exposure (including units of Equity Mutual Fund Schemes)*	20	35	High
Of which Equity Exposure Equity (only arbitrage opportunity)**	0	55	Low to Medium
Debt securities and money market instruments# (including margin for derivatives) and Fixed Income Derivatives	25	80	Low

* In the scheme, unhedged equity exposure shall be limited to 35% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.

	<p>** Equity exposure would be completely hedged with corresponding equity derivatives.; the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and / or investment restrictions on the issuer. The margin money requirement for the purposes of derivative exposure may be held in the form of Term Deposits.</p> <p># The Scheme may invest in Treasury Bills, Repos, Reverse Repos, Tri-party repo (“TREPS”), cash and cash equivalents and units of Debt/Liquid/ Money Market Mutual Fund Schemes.</p> <p>Investment in Securitized Debt may be up to 30% of the net assets of the Scheme.</p> <p>Subject to the SEBI Regulations, the Mutual Fund may deploy upto 20% of its total net assets of the Scheme in Stock Lending.</p> <p>Further, Unit holders are requested to note that post said changes, the Scheme will be treated as equity oriented scheme as per the extant Income-tax laws. However, at the time of changes in the investment pattern during defensive considerations as stated above, the fund manager may choose to have a lower equity exposure. Accordingly, the Scheme may not be able to meet the criteria for equity oriented scheme as specified under the extant Income-tax laws. Consequently, the Unit holders may not be able to avail tax advantage available to an equity oriented fund in that particular financial year. During the defensive circumstances the Tax benefit available for equity oriented scheme will not be applicable and shall be communicated to unit holders vide letters, addendum published in the newspapers as per regulations.</p>
Investment Strategy	<p>The investment strategy is aimed at generating income by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and in debt securities and at the same time attempting to enhance returns through long exposure in equity and equity related instruments. If suitable arbitrage opportunities are not available in the opinion of the Fund Manager, the Scheme may predominantly invest in debt and money market securities.</p> <p>Net Long Equity :</p> <p>The Scheme will invest its assets in a portfolio of equity and equity related instruments including units of Equity mutual Funds Schemes. The focus of the investment strategy would be to identify stocks which can provide capital appreciation in the long term. Companies selected for the portfolio which in the opinion of the AMC would possess some of the characteristics mentioned below:</p> <ul style="list-style-type: none"> – Superior management quality – Distinct and sustainable competitive advantage – Good growth prospects; and – Strong financial strength <p>Equity Derivatives:</p> <p>The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the Scheme may predominantly invest in short-term debt and money market securities. The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the Scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously. For example, on December 4, 2014, the Scheme buys a share of XYZ Company on spot @ Rs. 1000 and at the same time sells XYZ Company futures for December 2014 expiry @ Rs. 1020. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 24, 2014. If the Scheme holds this position till expiry of the futures, the Scheme earns profit of Rs. 20 on the date of expiry before accounting for trading costs and taxes.</p> <p>In case the Scheme has to unwind the transaction prior to the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at Rs. 980 and the futures are bought at Rs. 1010 then there would be negative returns on the trade. If the spot is sold at Rs. 1020 and the futures are bought at Rs. 1015 then there would be positive returns from the trade. On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the Scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the Scheme would liquidate the spot position and settle the futures position simultaneously. Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity while holding onto the spot position. There could also be occasions when both the spot and the future position is unwound before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities. The Scheme will strive to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures, Buying ADR/GDR and selling the corresponding stock future etc. The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 December 2014,</p>

	<p>the Scheme buys 1000 futures contracts of ABC Ltd. for December expiry at Rs.3000 each and sells an equivalent 1000 futures contract of ABC Ltd. for January expiry at Rs.3030. Thereby the Scheme enters into a fully hedged transaction. Closer to the expiry date of the December contract, the Scheme has two options. 1) Unwind the transaction by selling the 1000 December contracts and buying 1000 January contracts of ABC. The returns are a function of the spread between the sale price of the January contract and the buy price of the December contract. If this spread is less than Rs. 30, the returns are positive else the returns are negative. 2) On the expiry date i.e. 24 December, 2014, the Scheme would let the December contract expire and square off 1000 contracts that it holds for January maturity. The returns would be a function of the spread between settlement price of the December contract and the price at which January contracts are squared-off. If this spread is lower than Rs. 30 then the returns are positive and if it is higher than Rs. 30 the returns are negative. The Scheme can also initiate the transaction in the opposite direction i.e. by selling the December futures and buying the January futures, if it sees a profit potential. Under all circumstances the Scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the Scheme can also take offsetting positions in index futures of different calendar month. The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks.</p> <p>Debt Instruments:</p> <p>The Scheme would invest in a range of fixed income and money market instruments including units of Debt/Liquid/Money Market Mutual Fund Schemes. Further the Scheme may also invest in financial derivatives such as options and futures & Interest Rate Swap (IRS) that are permitted or may become permissible under SEBI/RBI Regulations. The proportion of assets to be so invested would be decided by the AMC at the appropriate time, and would be done in accordance with the relevant guidelines to be issued by SEBI/RBI and other authorities.</p>						
AUM in Rs. Cr. (Aug 31, 2019)	53.55						
No. of Folios (Aug 31, 2019)	3,493						
Differentiation	Principal Equity Savings Fund is the only scheme offered by AMC that invests predominantly in arbitrage opportunities in the cash & derivatives segment of the equity market and has a moderate exposure to long positions in equity & equity related instruments. The only other arbitrage scheme offered by AMC is Principal Arbitrage Fund, which is a market neutral fund and does not take long only equity exposure. The entire market risk of Principal Arbitrage Fund is completely hedged using derivatives. On the other hand, Principal Equity Savings Fund will take market risk by investing between 20% - 30% of its assets into long only un-hedged equity.						
Scheme Name	Principal Hybrid Equity 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.						
Asset Allocation	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1" data-bbox="159 1772 1458 1856"> <thead> <tr> <th data-bbox="159 1772 818 1856">Type of instrument</th> <th data-bbox="818 1772 1143 1856">Normal Allocation (% of Net Assets)</th> <th data-bbox="1143 1772 1458 1856">Risk Profile</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Type of instrument	Normal Allocation (% of Net Assets)	Risk Profile			
Type of instrument	Normal Allocation (% of Net Assets)	Risk Profile					

Patter		Minimum	Maximum	
	Equity & Equity Related Instruments	65	80	Medium to High
	Debt and Money Market Instruments including Cash and Cash Equivalents and units of Liquid/ Money Market/ Debt Mutual Fund Schemes and Securitised Debt*	20	35	Low to Medium
	<p>Investment in the units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s) shall not exceed 5% of the net asset value of the mutual fund.</p> <p>* Investment in Securitised Debt may be upto 20% of the net assets of the Scheme.</p> <p>The cumulative gross exposure to equity, equity related instruments, debt, money market instruments and derivatives shall not exceed 100% of the net assets of the scheme.</p> <p>Note: The Asset Management Company (AMC) reserves the right to invest in derivatives not exceeding 50 % of the Net Assets, subject to limits specified by SEBI from time to time. The AMC further reserves the right to invest in foreign securities and derivatives subject to SEBI/RBI or any other Regulatory Authorities permitted from time to time.</p> <p>The Scheme may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI. Subject to the SEBI Regulations, the Mutual Fund may deploy upto 20% of its total net assets of the Scheme in Stock Lending.</p> <p>The Scheme may invest upto 15% in ETFs# The Scheme may invest upto 25% in stocks listed on SME platform of BSE and NSE.</p> <p>The scheme may invest upto 30% in foreign securities, ADR's and GDRs, subject to SEBI / RBI or any other Regulatory Authorities permitted from time to time.</p> <p>The Scheme may also participate in repo/reverse repo in corporate debt securities.</p> <p>The Scheme does not seek to participate in credit default swaps.</p> <p># <u>ETFs Risk Disclosure</u> - To the extent that the Scheme is invested in ETFs, the Scheme will be subject to all risks associated with such ETFs and the underlying assets that it is tracking. The Scheme can purchase/redeem units of ETFs only through stock exchanges on which such ETFs are listed and not directly through a mutual fund. Thus there could be a liquidity issue. The units of ETF may trade above (at a premium) or below (at a discount) the scheme's net asset value (NAV). The price of the units of an ETF's is influenced by the forces of supply and demand. Thus the Scheme may not be able to purchase/redeem units of an ETF at the applicable NAVs.</p>			
Investment Strategy	The Scheme will invest in equity and equity related instruments. The Scheme will also invest in fixed income instruments rated investment grade or higher or otherwise comparable including units of Liquid / Money Market / Debt Mutual Fund Schemes. The Scheme shall not take high risks in managing equity portion of the portfolio. For the equity portion of the portfolio, companies would be selected after research covering areas such as quality of management, competitive position and financial analysis.			
AUM in Rs. Cr. (Aug 31, 2019)	1558.62			
No. of Folios (Aug)	55,826			

31, 2019)	
Differ entiatio n	The scheme is having an asset allocation with a ceiling on exposure to equity/ equity related instruments. The investment mandate allows a maximum of 80% exposure to equity with an investment of at least 20% in debt instruments. Thus the scheme offers growth potential with equity investments and also seeks to generate interest income by investing in debt securities. This is the only scheme that is the Balanced Fund that PMF has.

FORM 1 - APPLICATION FORM FOR LUMP SUM AND/OR SIP INVESTMENTS

THE APPLICATION FORM SHOULD BE FILLED IN BLOCK LETTERS ONLY. PLEASE READ THE INSTRUCTIONS BEFORE FILLING THE APPLICATION FORM

Broker ARN/RIA Code [^]	Sub-Broker ARN Code	EUIN	Sub-Broker Code	APPLICATION NO.
ARN -				

I/We hereby confirm that the EUIN box has been intentionally left blank by me/us this is an "execution-only" transaction without any interaction or advice by the employee/relationship manager/sales person of the above distributor or notwithstanding the advice of in-appropriateness, if any, provided by the employee/relationship manager/sales person of the distributor and the distributor has not charged any advisory fees on this transaction. (Ref Instruction No. G). Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor. * By mentioning RIA code, I/we authorize you to share with the Investment Adviser the details of my/our transactions.

Sole / First Applicant's Signature (Mandatory)

TRANSACTION CHARGES FOR APPLICATIONS THROUGH DISTRIBUTORS/AGENTS ONLY (Refer Instruction No. B 14)

I am a First Time Investor in Mutual Fund Industry I am an Existing Investor in Mutual Fund Industry

1A FIRST APPLICANT'S DETAILS (Ref instruction B. All fields are mandatory)

Existing Unit Holder (Fill & skip to section 5) Folio No.

Name of First Applicant (As in PAN / KYC/ Aadhaar)

City & Country of Birth City Country Date of birth (Proof in case of minor) D D M M Y Y Gender Male Female

PAN/PEKRN KIN^^ CKYC / KYC Form / Acknowledgement Copy

Mobile No.

Email ID

On providing email-id investors shall receive scheme wise annual report or an abridged summary thereof/ account statements/ statutory and other documents by email. In case email id is not provided, abridged summary of scheme wise annual report shall be sent to only those unit holders who specifically request to receive the same in the physical form. (Refer instruction no B15)

Correspondence Address (Please note: Address will be replaced as per KYC records)

State Country Pin Code Are you a tax resident of any country other than India? Yes No (If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

Overseas address (For FIs/NRIs/PIOs) (Ref B 5)

Name of the Guardian (in case of minor) / POA (Contact person for non individuals / POA holder name) PAN (Guardian / POA)

City & Country of Birth City Country Date of Birth (Guardian / POA) D D M M Y Y Gender Male Female

PAN/PEKRN KIN^^ CKYC / KYC Form / Acknowledgement Copy

Are you a tax resident of any country other than India? Yes No (If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

For Investments "On behalf of Minor" (Refer B 11) Birth Certificate School Certificate Passport Other Specify Guardian named above is Father Mother Court Appointed

1B JOINT APPLICANT'S DETAILS (All fields are mandatory) Mode of operation Single Joint (Default option) Either or Survivor(s)

Name of Second Applicant (As in PAN / KYC/ Aadhaar)

City & Country of Birth City Country Date of birth (Proof in case of minor) D D M M Y Y Gender Male Female

PAN/PEKRN KIN^^ CKYC / KYC Form / Acknowledgement Copy

Are you a tax resident of any country other than India? Yes No (If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

Name of Third Applicant (As in PAN / KYC/ Aadhaar)

City & Country of Birth City Country Date of birth (Proof in case of minor) D D M M Y Y Gender Male Female

PAN/PEKRN KIN^^ CKYC / KYC Form / Acknowledgement Copy

Are you a tax resident of any country other than India? Yes No (If yes, fill and attach FATCA & CRS individual form available at www.principalindia.com)

^^ For CKYC provide 14 digit KYC Identification Number (KIN).

2 KYC/ FATCA DETAILS (All fields are mandatory, Please tick or specify. Ref Instruction D & I)

Details of	Occupation Details										Politically Exposed Person (PEP) Details			
	Private Sector	Public Sector	Gov. Service	Business	Professional	Agriculturist	Retired	Housewife	Student	Proprietorship	Others	Is a PEP	Related to PEP	Not Applicable
1st Applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2nd Applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3rd Applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guardian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised Signatories/ Promoters/ Partners/ Karta/ Whole-time Directors / Trustee

Details of	Gross Annual Income Range (₹)						Status Details					Is the entity involved in any of the following:	Specify	
	< 1L	1-5L	5-10L	10-25L	25L-1C	> 1C	*Or Networth in ₹	Resident Individual	NRI / PIO / NRO	Sole Proprietorship	Minor through Guardian			Non Individual
1st Applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	as on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Company/Body <input type="checkbox"/> Corporate <input type="checkbox"/> HUF	Foreign Exchange/ Money Changer <input type="checkbox"/> Yes <input type="checkbox"/> No	Specify
2nd Applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	as on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Partnership <input type="checkbox"/> Society <input type="checkbox"/> Trust	Gaming/ Gambling/ Lottery (casinos, betting syndicates) <input type="checkbox"/> Yes <input type="checkbox"/> No	Specify
3rd Applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	as on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Bank <input type="checkbox"/> AOP <input type="checkbox"/> FI/FII/FPI <input type="checkbox"/> NPO	Money Lending/ Pawning <input type="checkbox"/> Yes <input type="checkbox"/> No	Specify
Guardian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	as on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> BOI <input type="checkbox"/> OCI <input type="checkbox"/> LLP		Specify

*Mandatory for Non Individual. Not older than 1 year

Mutual Fund

ACKNOWLEDGEMENT SLIP (To be filled in by the investor)

From Date D D M M Y Y

1	Scheme	Plan/Option	Amount
2	Scheme	Plan/Option	Amount
3	Scheme	Plan/Option	Amount

Stamp & Signature

3 BANK DETAILS FOR PAY-OUT (Mandatory. Refer C and avail of Multiple Bank Registration Facility. Please attach cancelled cheque copy.)

Bank Name

Bank A/c No. Type Savings Current NRO NRE FCNR NRSR Others Specify

Branch Name City Pin

IFSC / NEFT Code (11 digit)* MICR Code (9 digit)* *Mentioned on your cheque leaf

4 PAYMENT DETAILS (Applicable for both lumpsum & SIP investment)

Payment Account Non Third Party Payment Third Party Payment (Please attach declaration form available at www.principalindia.com)

Payment mode	Instrument/ Reference No.	Amount (₹)	Account No.	Account type
<input type="checkbox"/> Cheque/ DD				<input type="checkbox"/> Savings
<input type="checkbox"/> RTGS/ NEFT		DD Charges (if any)	Bank & Branch	<input type="checkbox"/> Current
<input type="checkbox"/> Funds Transfer				<input type="checkbox"/> NRO
				<input type="checkbox"/> NRE

5 INVESTMENT DETAILS (In case of discrepancy, Default plan/option will be applied) Ref Instruction A, B & C

i-Name Give a name to your goal Goal Value (₹)

Track the progress of your goals through account statements easily

5A - INVESTMENT TYPE ONLY LUMPSUM (Fill 5A) ONLY SIP* LUMPSUM & SIP* *Fill 5A, B and attach SIP Auto Debit/ NACH form

3-in-1 Invest in upto 3 schemes with a single cheque.

Scheme Names	Plan		Option		Sub Option			Dividend Frequency (if applicable)	Amount in figure (₹)
	Regular	Direct	Dividend	Growth	Payout	Reinvest	Sweep	Tick any one*	
1. Principal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> D <input type="checkbox"/> W <input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> HY <input type="checkbox"/> A	Lumpsum
2. Principal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> D <input type="checkbox"/> W <input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> HY <input type="checkbox"/> A	
3. Principal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> D <input type="checkbox"/> W <input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> HY <input type="checkbox"/> A	
Total (Amount in words)									
Dividend Sweep into	Scheme						Plan	Option	
	Scheme						Plan	Option	
	Scheme						Plan	Option	

*D-Daily, W-Weekly, M-Monthly, Q-Quarterly, HY-Half Yearly & A-Annual

5B - SIP REGISTRATION DETAILS

My Date* Choose your favourite day

SIP DETAILS (Applicable to scheme number mentioned in 5A table. Refer SIP instructions point A)

Scheme No.	SIP Amount (₹) (Minimum amount ₹ 500/ 2,000. Refer KIM)	SIP Date(s)* (*Default date 10th)	SIP Frequency	Start Date	End Date	Perpetual
1.			<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly	MM / YY	MM / YY	<input type="checkbox"/>
2.			<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly	MM / YY	MM / YY	<input type="checkbox"/>
3.			<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly	MM / YY	MM / YY	<input type="checkbox"/>
Total (Amount in words)						

Perpetual No hassle to Renew your SIPs

BOOSTER Meet your life goals faster

Pause Why Stop when you can Pause?

Perpetual A better way to plan for your dreams **SUPER SIP**

TOP-UP DETAILS (Applicable to scheme number mentioned in table 5A. Refer SIP instructions point B)

Scheme No.	Top up Amount (Min. ₹ 500 & Multiple of ₹1/-)	Frequency (HY-Half Yearly Y-Yearly (Default))	Top Up Start Month/Year	Cap Month/Year	Cap Amount
1.		<input type="checkbox"/> HY <input type="checkbox"/> Y	MM / YY	MM / YY	
2.		<input type="checkbox"/> HY <input type="checkbox"/> Y	MM / YY	MM / YY	
3.		<input type="checkbox"/> HY <input type="checkbox"/> Y	MM / YY	MM / YY	

PAUSE DETAILS (Applicable to scheme number mentioned in 5A table. Refer SIP instructions point C)

SIP Cycle Date	SIP Pause Period Start from	SIP Pause Period End on
D D	MM / YY	MM / YY
D D	MM / YY	MM / YY
D D	MM / YY	MM / YY

QUICK CHECKLIST

- KYC acknowledgement letter (Compulsory for MICRO Investments)
- Self attested PAN card
- Email ID and mobile number provided for regular updates
- Plan/ Option/ Sub Option name mentioned along with scheme name
- SIP Auto Debit/ NACH form is filled & attached for SIP investments
- Relationship proof between Guardian and Minor (if application is in the name of a Minor) attached
- Additional documents attached for Third Party payments. Refer instructions
- FATCA & CRS Declaration for non individual/ Entity is attached (mandatory)

Instructions for SIP Registration

A. SIP INSTRUCTIONS

- 1 A minimum gap of 21 days needs to be maintained between date of Application & SIP start date.
- 2 With the introduction of One Time Mandate (OTM) facility, the mandate registration and SIP registration through OTM facility has been delinked.
- 3 Where a onetime mandate is already registered in a folio for a bank account, the Unit Holder(s) will have to fill only the SIP Registration Form and there is no need of a separate cheque to be given along with the SIP Registration Form.
- 4 Where the mandate form and the SIP registration form are submitted together, debits for the SIP may happen only on successful registration of the mandate by the Unit holder(s) bank. The Fund / AMC would present the SIP transactions or additional purchase transactions without waiting for the confirmation of the successful registration from the Unit holder(s)' bank.
- 5 In case the onetime mandate is successfully registered, new SIP registration will take upto five days. The first debit may happen any time thereafter, based on the dates opted by the Unit holder(s).
- 6 If start date for SIP period is not specified, SIP will be registered and processed as per default date i.e. 10th of each month.
- 7 If anytime during the SIP period, the onetime mandate is modified to reduce the validity period, future installments of all SIPs registered under the mandate will be deemed to have the end period coinciding with the mandate.
- 8 In case of Micro SIP application without PAN, the investor/s hereby declare that they do not have any existing Micro SIPs with Principal Mutual Fund which together with the current application will result in aggregate investments exceeding ₹ 50,000 in a year.
- 9 If end date is not specified, SIP will be continued till the perpetuity or until cancelled.

B. TOP UP

- 1 SIP Top-Up will be subject to minimum SIP investment requirement, as applicable to the eligible schemes from time to time.
- 2 Investors subscribing for this facility are required to submit the request at least 25 days prior to the SIP top up date.
- 3 SIP Top-Up facility can be availed at half yearly and yearly intervals. In case the frequency is not specified, the top up will be processed with the default yearly frequency.
- 4 The minimum Top-Up amount would be ₹ 500/- & in multiples of ₹ 1/- . In case the investor does not specify Top-Up amount, ₹ 500/- will be considered as the default Top-Up amount.
- 5 If the end-date of the Top-up facility is not mentioned the Top-up facility will be continued till the tenure of the SIP.
- 6 Top - Up Limit
Cap Amt : It is the amount at which the investor can stop the SIP Top up. The SIP will continue to be processed with the previous topped up amount.

- Cap Month and year : The investor can also select the date from which the future SIP TOP up will stop. In case the investor chooses a limit on both amount and date, the SIP Top up will be capped as per the amt cap (Default).
- 7 The top up cap amount should not exceed the maximum amount as mentioned in the NACH mandate. In case the top up cap amount exceeds the maximum amount as mentioned in the NACH mandate, then the lesser amount shall be considered as the default cap amount.
 - 8 SIP Top-up facility can be started after minimum 6 months from the date of 1st SIP. However, for investors availing SIP Top-Up facility, the maximum amount of SIP Installment including SIP Top-Up will be limited to ₹ 5,00,000/- (Rupees Five Lakhs) or the limit of bank mandate authorisation, whichever is lesser, subject to scheme specific transaction limits where applicable.
 - 9 SIP Top-Up facility is currently available only for SIP registration and installment payments made directly with the fund and through modes like Electronic Clearing System (ECS)/Auto Debit/One Time Mandate (OTM) mode. SIP Top-Up facility is currently not available for SIP registration and installment being made by submission of Post-dated cheques (PDCs) and where SIP is registered and installments are sent through Mutual Fund Utility (MFU), MFSS system of NSE or BSE StAR MF platform of BSE or any other platforms of these stock exchanges or Channel Partners. As and when relevant systems are put in place, this facility will be automatically offered.
 - 10 The Top-up details cannot be modified once enrolled. In order to make any changes, the investor must cancel the existing SIP and enroll for a fresh SIP with Top-up option.
 - 11 In case the SIP top up is cancelled the SIP will continue to be processed with the last topped up amount till the SIP end date.

C. SIP PAUSE FACILITY:

- 1 The SIP pause facility can be availed only once during the tenure of the existing SIP.
- 2 SIP can be paused for a minimum period of 1 month to a maximum period of 6 months.
- 3 The request to pause the SIP should be submitted at least 25 days prior to the subsequent SIP date.
- 4 The SIP pause facility is applicable only for SIPs through ECS/NACH/Direct Debit.
- 5 If the SIP Pause period coincides with the Top up month, the topped up amount shall be debited in the next installment (after the completion of the pause period).
- 6 The SIP pause facility can be availed only after debit of the first installment.
- 7 The SIP pause facility will not be available for SIPs registered through Mutual Fund Utility (MFU), MFSS system of NSE or BSE StAR MF platform of BSE or any other platforms of these stock exchanges and Channel Partners or those who have standing instructions with Banks as the SIP are registered directly with them and not with the fund house.

D. ANY DAY SIP

- 1 The investor can choose any day of the month for SIP.
- 2 In case no SIP date is mentioned, the SIP will be processed with the cycle date of 10th of the month (Default).
- 3 In case the chosen date falls on a non business day the SIP will be processed on the next business day.
- 4 In case the SIP date is not available for the particular month, the SIP will be processed on the last day of that month.
- 5 The first cheque and the subsequent cheque should not fall in the same month for monthly SIP and in the same quarter in case of quarterly SIP.

OTM Instructions: Terms & Conditions

- Investors who have already submitted an OTM form or already registered for OTM facility should not submit OTM form again as OTM registration is a one-time process only for each bank account. However, such investors if wish to add a new bank account towards OTM facility may fill the form.
- Other investors, who have not registered for OTM facility, may fill the OTM form and submit duly signed with their name mentioned.
- Registration process for OTM forms submitted during the NFO period will commence after the closure and allotment of NFO applications.
- Mobile Number and Email ID: Unit holder(s) should mandatorily provide their mobile number and Email ID on the mandate form. Where the mobile number and Email ID mentioned on the mandate form differs from the ones as already existing in the folio, the details provided on the mandate will be updated in the folio. All future communication whatsoever would be, thereafter, sent to the updated mobile number and Email ID.
- Unit holder(s) need to provide along with the mandate form an original cancelled cheque (or a copy) with name and account number pre-printed of the bank account to be registered or bank account verification letter for registration of the mandate failing which registration may not be accepted. The Unit holder(s) cheque/bank account details are subject to third party verification.
- Investors are deemed to have read and understood the terms and conditions of OTM Facility, SIP registration through OTM facility, the Scheme Information Document, Statement of Additional Information, Key Information Memorandum, Instructions and Addenda issued from time to time of the respective Scheme(s) of Principal Mutual Fund.
- If end date/frequency is not mentioned in the OTM Form, the same will be considered as per the SIP Registration Form and vice versa.

MANDATORY FIELDS

Date: Date is mandatory

- **CREATE/MODIFY/CANCEL:** tick is mandatory for create/modify & cancel if not ticked mandate will be rejected
- **To Debit (tick):** account type is mandatory
- **Bank A/c Number:** Investor debit bank a/c number mandatory
- **With Bank:** Investor bank name is mandatory
- **IFSC / MICR:** Correct IFSC code or MICR code is mandatory
- **An amount of Rupees:** SIP fixed instalment amount in words in word column is mandatory, maximum amount in words in word column is mandatory
- **₹ :** SIP fixed instalment amount in figures in figure column is mandatory, Maximum instalment amount in figures in figure column is mandatory
- **Frequency:** SIP monthly/ quarterly mandatory, Lump sum : as & when presented is mandatory
- **Debit Type:** For SIP fixed Amount & for Lump sum Maximum Amount is mandatory
- **Folio No.:** For Existing Investor only
- **Phone No./ Email ID:** Phone No. or Email ID is Mandatory
- **PAN Number:** Mandatory
- **Period:** SIP start date is Mandatory, Lump sum : indicate till what date the mandate should be valid
- **Signature of Account Holder:** Signature is mandatory as per bank record
- **Name of the Bank A/c Holder:** Name of the Bank A/c Holder is mandatory

INSTRUCTIONS

This application form is for Resident Investors/NRIs etc. and should be completed in English in BLOCK LETTERS & BLACK/BLUE INK only. Any overwriting/ cancellation should be countersigned by the applicants. Failing which such application forms shall be liable for rejection. Please tick (✓) in the appropriate box provided.

Please read the terms of the Scheme Information Document of the Schemes carefully before filling in the application form. All applicants are deemed to have accepted the terms subject to which this offer is being made and bind themselves to the terms upon signing the Application Form for tendering the payment. Application should be for a minimum amount specified for each Scheme/Plan/Option. The Fund reserves the right to accept/reject any application in whole or in part.

AMC will reject the application, reverse the units credited, restrain the investor from making any further investment in any of the Schemes of Principal Mutual Fund, recover / debit the investor's folio(s) with the penal interest and take any appropriate action against the investor in case the cheque(s) / payment instrument is / are returned unpaid by the investor's bank for any reason whatsoever.

(A) PAYMENT PROCEDURE

Resident Investor: Resident Investors may submit payment for units by cheque/demand draft, payable locally and drawn on any bank which is a member of the Bankers Clearing House located at the place where the application form is submitted.

Investors have an option to invest in multiple schemes through a single payment instruction / instrument. Also, investors could opt for multiple mode of investments (Lumpsum & SIP) through the same payment instruction/ instrument which must be drawn in favor of the "Principal Mutual Fund" and crossed "Account Payee only". Upon credit receipt, the funds will be moved into the respective scheme account, basis the amount of subscription mentioned against each scheme / mode of investment in the application form.

Applicable NAV for allotment of units shall be as per the amount of investment at the scheme level as per the application form. The same shall be in accordance with the SID of the respective scheme.

Kindly note, in case the instruction / instrument is returned unpaid for any reason, the entire subscription will be rejected. There will be no partial processing of the application.

Payment Procedures for NRIs

Repatriation Basis: Payments may be made through Indian Currency Cheques/Demand Drafts. NRI applications can also be made by submitting payments through demand drafts purchased from FCNR bank accounts or cheques drawn on NRE accounts. All cheques/drafts should be locally payable at any of the Official Point of Acceptance. All applications must be accompanied with a FIRC.

Non-Repatriation Basis: In case of NRIs seeking to apply for units on a non-repatriation basis, payments shall be made by cheques/demand drafts drawn out of NRO (Non-Resident Ordinary) accounts.

Payment Procedure - FIs

FIs may pay their subscription amounts by direct remittance from abroad or out of their special Non-Resident Rupee Accounts maintained with a designated bank branch in India or as may be permitted under Law. All cheques/drafts should be payable in Mumbai. Applications by FIs should be submitted only to the Official Point of Acceptance of the Asset Management Company in Mumbai.

Payment Procedure - General

- The Asset Management Company will not accept cash / stockinvests / money order/ postal order/ credit card/ post dated account-to- account transfer instructions / post dated cheques (except through SIP)/ Outstation Cheques, for subscriptions.
- Bank charges for demand drafts will be debited to the AMC and will be limited to those stipulated by the Indian Banks Association. The Mutual Fund will not entertain any request for refund of demand draft charges.
- In case an applicant is located in a place where there is no designated Official Point of Acceptance, the completed application form with a Bank Draft/Pay Order payable at such Official Point of Acceptance for the investment amount (net of Demand Draft charges) may be forwarded to the nearest designated Official Point of Acceptance. Please note that Outstation Demand Draft that are not payable at par at the concerning Official Point of Acceptance where the application is submitted, will not be accepted.

(B) APPLICATION DETAILS

1. **Existing Unitholders:** In case of Applicant(s) who already have a Folio in Principal Mutual Fund, they can provide their folio number & first holder name in Section 1 and proceed to Section 4 of the Form. The details of such applicant(s) including details of bank account, sequence & mode of holding, address and nomination, as registered in the existing Folio number would apply to this investment and the said registered details would prevail over any conflicting information that may be furnished in this form. First Unitholders' name should be as per details in the existing folio number, else it would be liable for rejection. Where mandatory details for eg: PAN/KYC documents, local address in case of FI/NRI/PIO has not been provided/furnished earlier the same be provided alongwith this application form. Any changes in details registered with us need to be done vide a separate application request.
2. If the broker name & code is left blank, the application shall be treated as direct.
3. Please write application serial number and name on the reverse of the cheque/demand draft.
4. The applicants name and address including PIN Code number must be given in full (post box number alone is not sufficient).
5. In case the investor is a NRI/FI, an overseas address should also be provided, along with the local address. However, all correspondence shall be sent to the local address. Where local address is not provided the application is liable for rejection.

Note: Following person(s) shall not be permitted to make any fresh purchases/additional purchases/switches in any schemes of Principal Mutual Fund (a) "United States Persons" within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission or as defined under Foreign Account Tax Compliance Act (FATCA) or as defined under any other extant laws of the United States of America or as per such further amended definitions, interpretations, legislations, rules etc, as may be in force from time to time; or (b) residents of Canada.

If an existing investor subsequently becomes a resident of U.S. or Canada, then such investor will not be able to purchase any additional units of the schemes of Principal Mutual Fund.

6. If the account has more than one (upto three) Unitholder, the account will be registered either as 'joint' or 'either/anyone or survivor' basis, as specified. If nothing is specified the default mode of holding will be 'joint'.
7. It is expressly understood that the investor/Unitholder has the express authority from the relevant constitution (wherever required) to invest in units of the Fund and the AMC/ Trustee/ Fund would not be responsible if the investment is ultravires the relevant constitution.
8. All communications and payments will be made to the first applicant.
9. Signatures should be in English or in any Indian language as specified in the Eighth Schedule of the Constitution of India. Thumb impressions must be attested by a Magistrate/Notary Public under his/her official seal. In case of HUF, the Karta should sign on behalf of the HUF. In case of Partnership firms, the authorised Partner will sign on behalf of the firm.

Similarly, for the Association of Persons (AOP)/Company, the application must be signed by the Authorised Signatory(s).

10. **Direct Plan:** In accordance with SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, effective January 1, 2013, Direct Plan has been launched under all the open ended Schemes/Plans of

Principal Mutual Fund (Except which has been closed for further subscription). "Direct Plan" is only for investors who purchase/subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor. All Options / Sub-Options/facilities offered under the Regular Plan of the Scheme are available for subscription under Direct Plan. Further, Scheme characteristics such as Investment Objective, Asset Allocation Pattern, Investment Strategy, Risk Factors, facilities offered and terms and conditions will be the same for the Regular Plan and the Direct Plan except that, Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc. and no commission for distribution of Units will be paid/ charged under Direct Plan.

All categories of investors (whether existing or new Unitholders) as permitted under the Scheme Information Document of the respective Schemes are eligible to subscribe under Direct Plan. Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund (except Stock Exchange Platform(s) and all other Platform(s) where investors' applications for subscription of units are routed through Distributors).

Refer table below for understanding the result for various options selected by the investor for applications-

Scenario	Broker Code mentioned by the investor	Plan mentioned by to be captured	Default Plan
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan
3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

As mentioned above Investors should indicate the Plan for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form.

In cases of wrong/invalid/incomplete ARN codes mentioned on the application form, the application shall be processed under Regular plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/distributor. In case, the correct code is not received within 30 calendar days, the AMC will reprocess the transaction under Direct plan from the date of application without any exit load.

11. Minor Applicants

(a) The minor shall be the first and the sole holder in an account. There shall not be any joint accounts with minor as the first or joint holder. (b) Only Natural Guardian (i.e. Father or Mother) or Court Appointed Legal Guardian shall be permitted. (c) As a mandatory requirement a photocopy of Supporting document evidencing relationship of Guardian with Minor and Date of Birth of Minor is to be submitted along with the Application Form. Such Document can be a copy of Birth Certificate of the Minor, School Leaving Certificate / Mark sheet issued by Higher Secondary Board of Respective States, ICSE, CBSE etc. or Passport of the Minor or such other suitable proof evidencing the relationship with the Minor and the date of birth, duly attested by a Gazetted Officer or Bank Manager. (d) In case of Legal Guardian, supporting documentary evidence shall be submitted duly attested by a Gazetted Officer or Bank Manager. (e) To facilitate the processing of redemption requests, Investors are advised to ensure that the Guardian to the Minor Account/ Folio and to the Bank Account - as provided are one and the same person. (f) Minor Applicants are not eligible to Nominate. (g) Effective the date of Minor attaining Majority, no financial and non-financial transactions including fresh registration of Systematic Investment Plans (SIPs), Systematic Transfer Plans (STPs), Systematic Withdrawal Plans (SWPs) etc. shall be permitted, till such time a duly filled in "Service Request Form" along with mandatory enclosures are duly received at the OPT and status of the Folio/ Account is updated from "Minor" to "Major" by the AMC/Registrar. Further information/ requirements in this regard are provided on www.principalindia.com or you may also visit any of our OPT nearest to you.

12. In case of an application under a Power of Attorney or by a limited company, body corporate, registered society, Trust or partnership, the relevant power of attorney or the relevant resolution of authority to make the application or the Trust Deed or Partnership Deed as the case may be, or duly certified copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or bye-laws should be submitted along with the Application Form.

13. Allotment of Units in Demat Mode/Demat Account Details -

Applicant who wishes to apply for allotment of units in electronic form must: (a) Have a demat account with National Securities Depository Limited or Central Depository Services (India) Ltd. prior to making the application (b) Fill the demat account number and DP ID details in relevant section provided in the Application Form (c) Ensure that the name(s) in the application are identical to those appearing in the account details with the DP. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository. For allotment in electronic form, units will be credited directly in the demat account of the investor. In case of incorrect/incomplete details, allotment of units will be made in physical form.

14. Transaction Charges

In accordance with SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, Principal Asset Management Private Limited (PAMPL)/Principal Mutual Fund (PMF) shall deduct Transaction Charges on purchase / subscription received from the Investors through Distributors/Agents (who have opted to receive the transaction charges) as under :

- (i) First Time Mutual Fund Investor (across Mutual Funds): Transaction charge of ₹ 150/- for subscription of ₹ 10,000 and above will be deducted from the subscription amount and paid to the Distributor/Agent of the first time investor and the balance shall be invested.
First time investor in this regard shall mean an Investor who invests for the first time ever in any Mutual Fund either by way of Subscription or Systematic Investment Plan.
- (ii) Investor other than First Time Mutual Fund Investor : Transaction charge of ₹ 100/- per subscription of ₹ 10,000 and above will be deducted from the subscription amount and paid to the Distributor/Agent of the investor and the balance shall be invested.
- (iii) Systematic Investment Plan (SIP) : Transaction Charges in case of investments through SIP shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of installments) amounts to ₹ 10,000/- or more. The Transaction Charges shall be deducted in 3-4 installments
- (iv) Transaction charges shall not be deducted for:
 - (a) Purchases /subscriptions for an amount less than ₹ 10,000/-;
 - (b) Transaction other than purchases/subscriptions relating to new inflows such as Switch/ Systematic Transfer Plan/Sweep facility under the Dividend Option of the Scheme(s) etc.;
 - (c) Purchases/subscriptions made directly with PMF (i.e. not through any Distributor/ Agent);
 - (d) Transactions routed through Stock Exchange route.

Statement of Account issued to such Investors shall state the net investment as gross subscription less transaction charge and mention the number of units allotted against the net investment.

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Further, in accordance with SEBI Circular No. SEBI/IMD/CIR/No.4/168230/09 dated June 30, 2009, upfront commission to Distributors/Agents shall be paid by the Investor directly to the Distributor/Agent by a separate cheque based on his assessment of various factors including the service rendered by the Distributor/Agent.

15. **E-mail Communication:** If the investor has provided an email address, the same will be registered in our records for receiving documents through email and will be treated as your consent to receive Allotment confirmations, consolidated account statement/account statement, annual report/abridged annual report and or any statutory / other information as permitted via electronic mode /email. These documents shall be sent physically in case the Unit holder opts/request for the same. Should the Unit holder experience any difficulty in accessing the electronically delivered documents, then, the Unit holder shall promptly intimate the Fund about the same to enable the Fund to make the delivery through alternate means. The requested documents shall be dispatched. It is deemed that the Unit holder is aware of all security risks including possible third party interception of the documents and contents of the documents becoming known to third parties. The AMC / Trustee reserves the right to send any communication in physical mode.

(C) BANK DETAILS

This requirement is mandatory and applications without complete bank details are liable to be rejected. The Mutual Fund/Asset Management Company will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/loss in transit.

Where the requisite information pertaining to the Unitholder's Bank Account is available with AMC/Mutual Fund, the AMC/Mutual Fund at its sole discretion will endeavour to credit the redemption / dividend proceeds directly to the Unitholders Bank account instead of issuing payment instrument. Similarly, the Mutual Fund/AMC, also reserves the right to issue a payment instrument despite of an Investor opting for Electronic Payment.

The investor will not hold the Mutual Fund or the AMC or the Registrar responsible for any nonreceipt or delay of receipt of redemption & dividend proceeds due to any negligence or deficiency in service by the bank executing direct credits/RTGS/NEFT, or due to incorrect bank account details provided by the Investor.

For Minor Applicants, to facilitate the processing of redemption requests, Investors are advised to ensure that the Guardian to the Minor Account / Folio and to the Bank Account - as provided are one and the same person.

(I) Third Party Payments:

Asset Management Companies (AMCs) shall not accept subscriptions with *Third-Party payments except in the following exceptional situations:

- Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ₹ 50,000/- (each regular purchase or per SIP installment). However, this limit of ₹ 50,000/- will not be applicable for payments made by a Guardian whose name is registered in the records of Principal Mutual Fund for the concerning Folio.
- Payment by Employer on behalf of employee under Systematic Investment Plans OR lumpsum/ one time subscription, through Payroll deductions or deductions out of expense reimbursements.
- Payment by Corporate to its agent/distributor/dealer (similar arrangement with Principal agent relationship), on account of commission/incentive payable for sale of its goods/ services, in the form of Mutual Fund units through Systematic Investment Plans or lump sum/one time subscription.
- Custodian on behalf of an FII or a client.
- Payment by AMC to a Distributor empanelled with it on account of commission/incentive etc. in the form of Mutual Fund Units of the Funds managed by the AMC through SIP or lump sum/one time subscription.

*Third Party Payment shall mean those payment made through instruments issued from an account other than that of the beneficiary investor. However, in case of payments from a joint bank account, the first holder of the mutual fund folio should be one of the joint holders of the bank account from which payment is made.

In case of exceptional situations as above, additional documents shall be mandatorily enclosed along with the Subscription Application:

- a) KYC acknowledgement letter for Investor (Guardian in case of minor) and the person making the payment.
- b) "Third Party Declaration Form" from the Investor and the person making the payment, giving details of the bank account from which the payment is made and the relationship with the beneficiary.

Investor along with the subscription application must provide the details of his pay-in bank account (i.e. account from which a subscription payment is made) and his pay-out bank account (i.e. account into which redemption / dividend proceeds are to be paid). In case an investor has multiple accounts, he should register them with the AMC (refer section here below on "Multiple Bank Accounts"). Only Pay-in from such registered bank accounts shall be treated as First party payments.

Additionally, in case of following mode of payments below stated documents should be enclosed with the subscription application:

- a) **Demand Draft / Pay Order, Banker's Cheque and the like:** Certificate from the Issuing Banker, stating the Account holder's name and the Account number which has been debited for issue of such instrument. As directed by AMFI, a copy of acknowledgement from the Bank wherein the instructions to debit the Investor's bank account for the purpose of issuing Demand Draft / Pay Order and name of the Investor as an account holder are available OR copy of pass book/bank statement evidencing the debit for issuance of a Demand Draft / Pay Order, shall also be accepted by the Mutual Fund.
- b) **Demand Draft / Pay Order and the like issued against cash by the Bank (for an investment amount less than ₹ 50,000/- only):** Certificate from the Banker giving name, Address, Bank Account Number and PAN (if available) of the person who has requested for the demand draft.
- c) **Payment vide RTGS, NEFT, ECS, Bank Transfer, etc:** Copy of the instruction to the bank stating the account number debited must accompany the purchase application.

In case of payments received from a Bank Account which is not registered and the first unitholder's name is not preprinted on the payment cheque or wherein the bank mandate mentioned in the application form by the investor for effecting payouts is not the same as the bank account from which the investment is made, any one of the following documents in relation to the bank mandate shall be submitted by the investor along with the application form to validate that the bank mandate belongs to the investor:

- i. Cancelled original cheque having first holder name pre-printed on the cheque;
- ii. Original bank statement (with transaction entries not older than 3 months) reflecting the first holder name, bank account number and bank name as specified in the application form;
- iii. Photocopy of the bank statement/bank passbook (with transaction entries not older than 3 months) reflecting the first holder name, bank account number and bank name as specified in the application form, duly attested by the bank manager and bank seal;
- iv. Confirmation by the bank manager with seal on the bank's letterhead confirming the investor details and bank mandate information as mentioned in the application form.

If the documents are not submitted with the application, the fund reserves the right to reject the application without any liability whatsoever or call for additional details, at its discretion.

AMC can directly credit all the dividend payouts and redemption amount to investor's bank account, where AMC has such arrangement with the investor's Bank.

Where, post verification it is found that the payment, in any mode, is not made from a registered bank account or is made from an account where the first named unit holder is not an Account holder/ one of the account holder in case of Joint Bank Account, the AMC/R&T, reserves the right to reject the transaction / subscription application, without any liability.

Additionally, in order to prevent fraudulent practices, Investors are urged to make the payment instruments (cheque / Demand draft / Pay Order etc.) favouring "Name of the Scheme A/c. First Investor Name" OR "Name of the Scheme A/c. Permanent Account Number" OR "Name of the Scheme A/c. Folio Number".

For Declaration format contact any of our Investor Service Centre or visit our website www.principalindia.com

(II) Multiple Bank Accounts:

Unitholders shall have the facility to register multiple bank accounts at folio level - upto a maximum of 5 Bank Accounts in case of Individual and HUF Investor and 10 Bank Accounts in case of Non Individual Investor.

Such facility can be availed by submitting duly filled in "Multiple Bank Account Registration form" at the Investor Service Centre closest to you, along with copy of any one of the following documents:

- a) Cancelled cheque leaf of the bank account which has to be registered [the account number and name of the first unitholder should be printed on the cheque leaf];
- b) Bank Statement / Pass Book with the account number, name of the Unitholder and Address;
- c) Bank letter / certificate on its letter head certifying the account holder's name, account number and branch address [Such letter / certification should be certified by the Bank Manager with his/ her full name, signature, employee code.]

Investors should also present the Original of the above Document submitted along with the subscription application, and such original document shall be returned across the Counter post due verification. Subsequent to successful registration of multiple bank accounts, Investors can select any of the registered bank accounts in the application form for the purpose of subscriptions, redemption and dividend proceeds. Investor shall also have the option to register any one of their account as a default bank account for credit of redemption /dividend proceeds.

Further an Investor may also opt to delete a registered default bank account; however, such deletion of a default bank account shall be permitted only if the Investor registers another registered account as a default account. In the event of rejection of such registration application for any reason, the redemption/ dividend proceeds shall be processed as per specified service standards and the last registered bank account information in the records of Registrar & Transfer Agent - Karvy Computershare Private Limited, will be relied upon and used for such payments. It is clarified that any unregistered or new bank account forming part of redemption request shall not be entertained or processed. Further, for any change in Bank Mandate request received/processed few days prior to the submission of a redemption request or on the same day as a standalone change request, AMC will continue to follow cooling off period of 10 calendar day for validation of the same.

For Application Form and details, please refer www.principalindia.com and Statement of Additional Information.

- **E-mail Communication:** Account Statements / Newsletters / Annual Reports / Other statutory information (as may be permitted under SEBI (Mutual Funds) Regulations, 1996) can be sent to each Unit holder by e-mail (where provided by the investor) or by courier/post, where e-mail ID is not provided.

Unit holders receiving these documents by e-mail will be required to download and print the documents after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the electronically delivered documents, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to deliver such document through alternative means. It is deemed that the Unit holder is aware of all security risks including possible third party interception of the documents and contents of the documents becoming known to third parties.

- **RTGS/NEFT/DIRECT CREDIT:** Investors will be paid their Dividend/Redemption amounts electronically through RTGS/NEFT/Direct Credit, wherever the complete details like IFS Code, NEFT Code and complete bank account number details are available. RTGS/NEFT will be the preferred mode for remitting the payments.

Please verify and ensure the accuracy of the bank details provided above as it shall appear in your account statement which shall be issued to you should your application be accepted. Principal Mutual Fund shall not be held responsible for delays or errors in processing your request if the information provided is incomplete or inaccurate.

(D) KYC REQUIREMENTS

As per SEBI directive, the requirement for submitting PAN details for all investments of Mutual Funds is mandatory for all investors (including Non-Resident Indians) irrespective of the amount of transaction involved [Except for SIP upto ₹ 50,000/- per year per investor (Micro SIP)].

Where the person making an application is minor and who does not have any income chargeable to income-tax, he shall quote the PAN of his/her father or mother or guardian, as the case may be. As directed by SEBI, on submission of sufficient documentary evidence, submission of PAN shall not be insisted in case of Central Government, State Government and the officials appointed by the Courts e.g. official liquidator, court receiver etc. (under the category of Government) and residents of Sikkim while investing in Mutual Funds. The exemption from mandatory PAN requirement will apply to transactions undertaken on behalf of Central and State Government and not to the transactions of the employees of Central and State Government in their personal capacity. It may be further noted that these "Customer Identification Procedures" form part of the Know Your Customer ("KYC") process laid down under the relevant SEBI circular(s) issued from time to time.

With effect from 1st January, 2011, KYC (Know Your Customer) norms are mandatory for ALL investors for making investments in Mutual Funds, irrespective of the amount of investment.

Investors shall mean to include (i) their constituted Power of Attorney (PoA) holder, in case of investments through a PoA (both issuer of PoA & PoA holder must attach KYC Acknowledgement) and (ii) each of the applicants, in case of application in joint names (iii) Guardian in case of minor.

Further, to bring uniformity in KYC process, SEBI has introduced a common KYC procedure across all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes etc. All new Investors who are not KYC compliant are required to use common KYC Application Form to apply for KYC process and to mandatorily undergo In Person Verification(IPV) with any of the SEBI registered Intermediaries including Mutual Funds. With respect to Mutual Funds, IPV can be conducted by AMCs or any KYC compliant Mutual Fund Distributor who holds AMFI/NISM, certification. Further, for applications received directly by the Mutual Fund, IPV carried out by Succeeded Commercial Banks can also be relied upon. Investor upon completing KYC requirements(including IPV) through any of the SEBI registered Intermediary, will not be required to undergo KYC process again with such Intermediaries including Mutual Funds.

AMFI vide circular dated December 22, 2016 has prescribed new CKYC forms which shall be applicable for prospective customers. Accordingly with effect from February 1, 2017, any new customer who has not done KYC earlier shall fill the new CKYC & KRA-KYC form. If such new customer wishing to invest and get KYC done has filled up old KRA KYC form, such customer would also have to fill a Supplementary CKYC Form or fill the new CKYC-KRA KYC form. The forms are available on the website of the fund, viz. www.principalindia.com and at the

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official points of acceptance of transactions of the AMC. The KYC requirements shall be governed by SEBI Circulars/ notifications and AMFI Guidelines which may change from time to time.

As per the new KYC norms, once the customer completes the CKYC process with an entity authorized to conduct KYC, i.e. CERSAI, the customer will be able to invest in all the financial products including Mutual Funds using the 14 digit KYC Identification Number (KIN) issued by CKYCR. The individual investor who have already completed CKYC and has a KYC Identification Number (KIN) can invest in the fund quoting their 14 digit KIN. Since PAN is mandatory to invest in Mutual Fund, if the PAN has not been updated in CKYCR (Central KYC records Registry) system, individual investor should submit a self-certified copy of PAN card to invest in the scheme.

AMC reserves the right to conduct fresh KYC of the investors or undertake enhanced KYC measures commensurate with the risk profile of the Investor. Further, AMC/Principal Trustee Co. Pvt. Ltd./Principal Mutual Fund reserves the right to reject the application forms for transactions in units of PMF not accompanied by letter/acknowledgement issued by the KRA. The KYC compliance status will be validated with the records of the KRA before allotting units.

Existing KYC compliant Investors of Principal Mutual Fund can continue to transact as per the current practice. However, existing investors are urged to comply with new KYC requirements including IPV as mandated by SEBI.

All applications without PAN details and KYC requirements, are liable to be rejected, unless exempted.

(E) NOMINATION

(1) Nomination shall be maintained at a Folio/Account level and shall be applicable for all investments for the Schemes in the Folio/Account. (2) The nomination can be made only by individuals applying for holding units on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. (3) In case of Sole Applicants, it is strongly recommended to provide a Nominee. (4) A Minor Applicant shall not be permitted to Nominate. (5) In case the Unitholders do not wish to nominate, it is mandatory to confirm their non intention to nominate by signing in the nomination section, failing which the form may be rejected at the discretion of the AMC/Fund. (6) If the units are held jointly, all joint holders will sign the nomination section. If there are more than one joint holder additional forms may be used for signatures of the holders of units and witnesses. (7) A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unit holder. Nomination can also be in favour of the Central Government, State Government, Local authority any person designated by virtue of his office or a religious or charitable trust. (8) The Nominee shall not be a trust other than religious/charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time. (9) Nomination in respect of the units stands rescinded upon the transfer of units. (10) Transfer of units in favour of a Nominee shall be valid discharge by the Asset Management Company against the legal heir. (11) The cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination. Every new nomination for a folio/account will overwrite the existing nomination. (12) On cancellation of the nomination, the nomination shall stand rescinded and the Asset Management Company shall not be under any obligation to transfer the units in favour of the Nominee.

(F) BENEFICIAL OWNER

1. Pursuant to guidelines on identification of Beneficial Ownership issued vide SEBI circular no. CIR / MIRSDD / 2/2013 dated January 24, 2013, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO').
2. The applicant Investor(s) has/have to confirm that the units applied, upon allotment would be beneficially owned by them by ticking the appropriate response. In case the section is left blank, it shall be deemed that the Applicant Investor(s) is/are the Beneficial owner.
3. In case the applicant investor(s) selects "No" (i.e. the applicant Investor does not have beneficial interest in the units), he should specify the name of the beneficial owner as well.

Where the applicant investor does not have beneficial ownership of units applied for or where the information is not fully provided, AMC may ask for further information/documents (including PAN/KYC acknowledgement) from applicant investor(s) or pertaining to the beneficial owner and/or reject the application or reverse the unit allotment or freeze the folio for further transactions / requests, till specified conditions are complied.

The Ultimate Beneficial Owner means "Natural Person", who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest of / entitlements to: i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company; ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is a unincorporated association or body of individuals. In case of a Trust, the settler of the trust, the trustees, the protector, the beneficiaries with 15% or more of interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership is considered as the UBO. Non-Individual investors who are not the ultimate beneficial owners of the investments, must mandatorily enclose a Declaration for Ultimate Beneficial Ownership duly signed by the authorized signatory along with the purchase application for units of schemes of Principal Mutual Fund. The provisions w.r.t. Identification of UBO are not applicable to the investor or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company.

In cases where there exists doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity details should be provided of the natural person who is exercising control over the juridical person through other means (i.e. control exercised through voting rights, agreement, arrangements or in any other manner). However, where no natural person is identified, the identity of the relevant natural person who holds the position of senior managing official should be provided.

Applicability for foreign investors

The identification of beneficial ownership in case of Foreign Institutional Investors (FIIs), their sub-accounts and Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / Reserve Bank of India may be guided by the clarifications issued vide SEBI circular CIR/MIRSDD/11/2012 dated September 5, 2012.

This Declaration form must mandatorily be accompanied with

Authorized signatory list of the investor, PAN copy of the investor, PAN copy of each of the beneficial owners, KYC acknowledgement.

All enclosures to this declaration form must be presented in original for verification, else the declaration from will not be accepted

(G) EMPLOYEE UNIQUE IDENTIFICATION NUMBER (EUIIN)

EUIIN is a unique identification number granted to the employee of Corporate ARN holders. This unique identification number helps to capture the details of employee/relationship manager/sales person of the Distributor who has interacted with the Investor for sale of Mutual Fund Products. Capturing EUIIN will help curb mis-selling of Mutual Fund Products, prevent fraudulent practices and will help the Mutual Fund to know the personnel on whose advice the transaction was executed and take suitable action, even if the employee/relationship manager/salesperson quits the Company, particularly in an advisory transaction. In case EUIIN field is left blank, it would be assumed that the Investor agrees to the declaration provided in bold in

the section "Distributor Information & Application Form Receipt Date". Investors are requested to mandatorily sign at the space allocated in the section, as a token of having read and understood the declaration.

(H) PRIVACY POLICY

Privacy policy of the Asset Management Company (AMC) is hosted on our website - www.principalindia.com and Investors are requested to kindly read the same. For the purpose of processing the application AMC collects personal information / sensitive personal data or information from the Investor such as, but not limited to Name, Address (Physical/E-mail), Phone Number, Date of Birth, Folio/Account Information, Transaction Information, Bank Account (Debit Card/Credit Card Information, PAN details, KYC status documents etc. AMC does not disclose any non-public personal information or sensitive personal data or information about Investors/former Investors to anyone, except as specified in the Privacy Policy or required under the applicable statutory / regulatory provisions, or as called upon by any Statutory Authority/Agency, or as necessary to provide and offer it services and products or otherwise consented by the Investor. If the Investor requires or has consented, such personal information or sensitive personal data or information may also be shared with Associates/Group companies of AMC, enabling them to offer their services and products. However, AMC may disclose all of the information collected with respect to the Investor, to certain Affiliates, Business Partners, Service Providers, Vendors that provide service to us and certain non-affiliated third parties such as, but not limited to, attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards, post entering into contractual agreements with such third parties that prohibit such third parties from disclosing/ using such personal information or sensitive personal data or information other than to carry out the purposes for which such personal information or sensitive personal data or information has been disclosed.

(I) FATCA & CRS TERMS & CONDITIONS INDIVIDUAL

(Note: The guidance Note / notification issued by the CBDT shall prevail in respect to interpretation of the terms specified in the form)

Details under FATCA & CRS: The Central Board of Direct Taxes has notified Rules 114F to 114H, as part of the Income-tax Rules, 1962, which Rules require Indian financial institutions such as the Bank to seek additional personal, tax and beneficial owner information and certain certifications and documentation from all our account holders. In relevant cases, information will have to be reported to tax authorities/appointed agencies.

Should there be any change in information provided by you, please ensure you advise us promptly, i.e., within 30 days. Please note that you may receive more than one request for information if you have a multiple relationship with (insert FI's Name) or its group entities therefore, it is important that you respond to our request, even if you believe you have already supplied any previously requested information.

Towards compliance with tax information sharing laws, such as FATCA, we would be required to seek additional personal, tax and beneficial owner information and certain certifications and documentation from our account holders. Such information may be sought either at the time of account opening or any time subsequently. In certain circumstances (including if we do not receive a valid self-certification from you) we may be obliged to share information on your account with relevant tax authorities. If you have any questions about your tax residency, please contact your tax advisor. **Should there be any change in any information provided by you, please ensure you advise us promptly, i.e., within 30 days.** Towards compliance with such laws, we may also be required to provide information to any institutions such as withholding agents for the purpose of ensuring appropriate withholding from the account or any proceeds in relation thereto. As may be required by domestic or overseas regulators/ tax authorities, we may also be constrained to withhold and pay out any sums from your account or close or suspend your account(s). If you are a US citizen or resident or green card holder, please include United States in the foreign country information field along with your US Tax Identification Number. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Please note that you may receive more than one request for information if you have multiple relationships with the AMC or its group entities. Therefore, it is important that you respond to our request, even if you believe you have already supplied any previously requested information. For more information on the relevant sections covered above, please refer the updated Scheme Information Document and Statement of Additional Information.

FATCA Instructions & Definitions - Non-individual:

1. (I) **Financial Institution (FI)** - The term FI means any financial institution that is a Depository Institution, Custodial Institution, Investment Entity or Specified Insurance company, as defined.
- (II) **Depository institution** is an entity that accepts deposits in the ordinary course of banking or similar business.
- (III) **Custodial institution** is an entity that holds as a substantial portion of its business, holds financial assets for the account of others and where its income attributable to holding financial assets and related financial services equals or exceeds 20 percent of the entity's gross income during the shorter of:
 - (a) The three financial years preceding the year in which determination is made; or
 - (b) The period during which the entity has been in existence, whichever is less.
- (IV) **Investment entity is any entity:**
 - (a) That primarily conducts a business or operates for or on behalf of a customer for any of the following activities or operations for or on behalf of a customer:
 - (i) Trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading; or Individual and collective portfolio management; or
 - (ii) Investing, administering or managing funds, money or financial asset or money on behalf of other persons;
 - (b) The gross income of which is primarily attributable to investing, reinvesting, or trading in financial assets, if the entity is managed by another entity that is a depository institution, a custodial institution, a specified insurance company, or an investment entity described above. An entity is treated as primarily conducting as a business one or more of the 3 activities described above, or an entity's gross income is primarily attributable to investing, reinvesting, or trading in financial assets of the entity's gross income attributable to the relevant activities equals or exceeds 50 percent of the entity's gross income during the shorter of:
 - (i) The three-year period ending on 31 March of the year preceding the year in which the determination is made; or
 - (ii) The period during which the entity has been in existence.The term "Investment Entity" does not include an entity that is an active non-financial entity as per codes 04, 05, 06 and 07 - refer point 2c.)
- (V) **Specified Insurance Company:** Entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.
- (VI) **FI not required to apply for GFIN:** Refer Rule 114F (5) of Income Tax Rules, 1962 for the conditions to be satisfied as "non-reporting financial institution and Guidance issued by CBDT in this regard.

For more details on FATCA, please refer to FATCA form available on www.principalindia.com