

## KEY INFORMATION MEMORANDUM

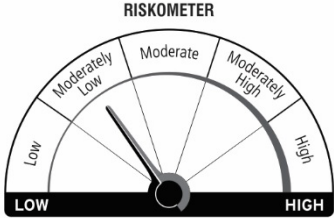
AND

## APPLICATION FORM

# Principal Low Duration Fund

An open-ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months

(Offer of units at applicable NAV based price)

This product is suitable for investors who are seeking~-	
<ul style="list-style-type: none"> <li>• Income over a short term investment horizon.</li> <li>• Investment in Debt &amp; Money Market Instruments.</li> </ul>	 <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](http://www.principalindia.com)** The aforesaid SID & SAI are to be read with the addendums, if any issued by the Fund from time to time.

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

<b>Name of the scheme</b>	Principal Low Duration Fund								
<b>Investment Objective</b>	To generate regular income & Capital appreciation through investments in debt securities and money market instruments.								
<b>Type of Scheme</b>	An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months. (please refer to page no.3)#								
<b>Asset Allocation Pattern of the scheme</b>	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th>Type of instrument</th> <th>Normal Allocation (% of Net Assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Debt Instruments &amp; Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)</td> <td>Upto 100%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>Investment in Securitised Debt may be up to 50% of the net assets of the Scheme. The Scheme may also invest up to 50% of net assets of the Scheme in such derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing and other uses as may be permitted under the SEBI (Mutual Funds) Regulations, 1996.</p> <p>Investment in Securities lending – up to 20% of the net assets.</p> <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>Macaulay Duration of the portfolio shall be maintained between 6 months and 12 months.</p>			Type of instrument	Normal Allocation (% of Net Assets)	Risk Profile	Debt Instruments & Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)	Upto 100%	Low to Medium
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Debt Instruments & Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)	Upto 100%	Low to Medium							
<b>Risk Profile of the Scheme</b>	<p>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:</p> <p>When interest rates fall, the price of a debt security rises and when interest rates rise, the price declines. In addition, the value of securities held by the Scheme may be affected by factors such as credit rating of the entity that issues the debt security and effective maturities of the debt securities. Lower quality and longer maturity debt securities will be subject to greater credit risk and price fluctuations than higher quality and shorter maturity debt securities. As with all mutual funds, if the units are redeemed when their value is less than the price paid for, money may be lost by the Unitholder.</p>								
<b>Risk Mitigation Factors</b>	<p>1. Risk mitigation factors for investments associated with Debt and/or Money Market Instruments:</p> <ul style="list-style-type: none"> <li>• Rigorous in-depth credit evaluation of the securities proposed to be invested focussing on analysis of fundamentals of the company, company's financials and the quality of management.</li> <li>• Use derivatives and hedging products to protect the value of portfolio.</li> <li>• To invest over a range of companies, groups as well as industries in accordance with SEBI Regulations with an endeavour to reduce risk using diversification.</li> <li>• Having appropriate portfolio turnover to meet cash flow requirements, adjustments relating to average maturity of the assets held, change or an anticipated change in the credit worthiness of the investee companies.</li> <li>• Control credit risk by investing in rated papers of the companies having strong fundamentals, sound financial strength and superior quality of management.</li> <li>• Reduce Liquidity Risk by investing in TREPS and other such similar short term highly liquid instruments.</li> </ul>								
<b>Investment Plans &amp; Options</b>	Regular Plan & Direct Plan. Both the Plans offer Growth & Dividend Option. Dividend Frequencies (under both the Plan) - Daily / Weekly / Monthly								
<b>Investment Strategy</b>	The net assets of the Scheme will be invested in money market and debt instruments. The fund will seek to optimize the risk return proposition for the benefit of investors. The investment process will focus on macro-economic research, credit risk and liquidity management. The fund will maintain a judicious mix of cash, short term and medium term instruments based on the mandates of the respective plans. As part of credit risk assessment, the fund will also apply its credit evaluation process besides taking guidance from ratings of rating agencies. In order to maintain liquidity, the fund will maintain a reasonable proportion of the Scheme's investments in relatively liquid investments.								

**#Concept of Macaulay Duration:**

The Macaulay duration (MD) is the weighted average term to maturity of the cash flows from a bond. Cash flows of a bond consist of periodic coupon payments and maturity value. The weight of each cash flow is determined by dividing the present value of the cash flow by the price of the bond. Essentially, MD is the payment-weighted point in time at which an investor can expect to recoup his or her original investment

Macaulay duration can be calculated as follows:

- Time Period: **Next Coupon Date – Current Date**
- Discount Factor:  **$1 / (1 + \text{Annualized Yield}) ^ (\text{Time Period}/365)$**
- Present Value of Cash Flow (PCVF): **Discount Factor X Cash Flow**
- Bond Price: **Sum of PCVF for the tenure**
- PCVF Weight: **PCVF / Current Bond Price**
- Cash Flow Weighted Time: **PCVF Weight X Time Period / 365**
- Macaulay Duration: **Sum of Cash Flow Weighted Time**

Below is an illustrative calculation of Macaulay Duration:

Assume there is a bond which has a face value of Rs. 100 trading at annualized yield of 6% on current date (16<sup>th</sup> November 2017). The coupon of the bond is 6%, paid semiannually (shown in table). It pays the principal on the date of maturity of the bond i.e. 30<sup>th</sup> June 2020. Given this, the following cash flows are expected over the next three years:

Settlement Date:	16-Nov-17
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Dates	Time Period (in Days)*	Cash Flows	Discount Factor @ 6% p.a.	Present Value Cash Flows (PCVF)	PVCF Weight (PCVF / Bond Price)
31-Dec-17	45	3.00	0.9928	2.9785	0.0291
30-Jun-18	226	3.00	0.9646	2.8937	0.0282
31-Dec-18	410	3.00	0.9366	2.8099	0.0274
30-Jun-19	591	3.00	0.9100	2.7299	0.0266
31-Dec-19	775	3.00	0.8836	2.6509	0.0259
30-Jun-20	957	103.00	0.8583	88.4071	0.8628
Bond Price				102.47	
Macaulay Duration					

\*Illustrative calculation as on 16 Nov 2017

**Applicable NAV**  
(after the scheme opens for repurchase and sale)

For Subscription / Switch –in / Sweep:

- (a) In respect of valid applications received upto 3.00 pm with a local cheque or demand draft payable at par at the repurchase and sale) Official Points of Acceptance of Transactions where it is received, the closing NAV of the day of receipt of application shall be applicable;
- (b) In respect of valid applications received after 3.00 pm with a local cheque or demand draft payable at par at the Official Points of Acceptance of Transactions where it is received, the closing NAV of the next business day shall be applicable.

In respect of purchase/switch-in in any of the above mentioned Schemes for an amount equal to or more than Rs 2 Lakhs, the closing NAV (Net Asset Value) of the day shall be applicable subject to realisation of the funds upto 3.00 p.m. and receipt of application (duly time stamped).

Further, in case of multiple applications for purchases/switch-ins in any of the Scheme (irrespective of its Plan/Option) for an aggregate investment amount equal to or more than ` 2 Lakh on the same business day,

	<p>such application shall be consolidated at PAN level irrespective of the number of the total application amount of Rs 2 Lakh and above to determine the NAV applicability.</p> <p><b>For Redemptions / Switch-out:</b></p> <p>(a) In respect of valid applications received upto 3.00 p.m. at the Official Points of Acceptance of Transactions, the closing NAV of the day of receipt of application shall be applicable; and</p> <p>(b) In respect of valid applications received after 3.00 p.m. at the Official Points of Acceptance of Transactions, the closing NAV of the next business day shall be applicable.</p> <p>The above cut-off timings shall also be applicable to investment made through "Sweep" mode available in the Dividend Option.</p> <p>Cut off time as mentioned above shall be reckoned at the Official Points of Acceptance of transactions as disclosed in the Scheme Information Document, KIM and the web-site, <a href="http://www.principalindia.com">www.principalindia.com</a></p>																																																						
<b>Minimum Application Amount / Number of Units</b>	<table border="1"> <thead> <tr> <th>Purchase</th> <th>Additional Purchase</th> <th>Repurchase</th> </tr> </thead> <tbody> <tr> <td>Rs 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</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																																																
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<b>Dispatch of Redemption Proceeds</b>	Within 10 business days of the receipt of the redemption request at the Official Points of Acceptance of the Principal Mutual Fund																																																						
<b>Comparison of open-ended schemes</b>	The scheme aims to generate income by investing in debt & money market securities (including cash & TREPS) with the Macaulay Duration of the portfolio ranging between 6 months and 12 months																																																						
<b>Dividend Policy</b>	Under Dividend Option, dividend will be declared subject to availability of distributable surplus and at discretion of AMC / Trustee. The undistributed portion of the income will remain in the Option and be reflected in the NAV, on an ongoing basis. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution of dividend shall be final.																																																						
<b>Benchmark Index</b>	CRISIL Low Duration Debt Index																																																						
<b>Folio Count &amp; AUM (As on Aug 31, 2019)</b>	Folio - 2,880 • AUM – Rs. 162.00 Crores																																																						
<b>Fund Manager &amp; Managing the Current Fund from</b>	Ms. Bekxy Kuriakose - May 2019 (Tenure of the Fund Manager – 4 Months)																																																						
<b>Total Investment Experience</b>	19 years																																																						
<b>Name of the Trustee Company</b>	Principal Trustee Company Private Limited																																																						
<b>PERFORMANCE OF THE SCHEME:</b>	<p>Returns (%) of Growth Option under Regular Plan and Direct Plan as at Aug. 30, 2019</p> <table border="1"> <thead> <tr> <th rowspan="2">Period</th> <th colspan="2">Regular Plan</th> <th colspan="2">Direct Plan</th> </tr> <tr> <th>Scheme</th> <th>Benchmark</th> <th>Scheme</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Last 1 Year</td> <td>-11.08</td> <td>9.02</td> <td>-10.76</td> <td>9.02</td> </tr> <tr> <td>Last 3 Years</td> <td>0.76</td> <td>7.83</td> <td>1.15</td> <td>7.83</td> </tr> <tr> <td>Last 5 Years</td> <td>3.82</td> <td>8.39</td> <td>4.40</td> <td>8.39</td> </tr> <tr> <td>Since Inception*</td> <td>6.39</td> <td>7.58</td> <td>5.62</td> <td>8.62</td> </tr> </tbody> </table> <p>* Regular Plan - September 14, 2004 Direct Plan - January 1, 2013 Past performance may or may not be sustained in the future. Note: Returns more than 1 year are calculated on compounded annualised basis.</p>	Period	Regular Plan		Direct Plan		Scheme	Benchmark	Scheme	Benchmark	Last 1 Year	-11.08	9.02	-10.76	9.02	Last 3 Years	0.76	7.83	1.15	7.83	Last 5 Years	3.82	8.39	4.40	8.39	Since Inception*	6.39	7.58	5.62	8.62	<p>Absolute Returns for each financial year for the last 5 years</p> <table border="1"> <caption>Year-wise Absolute Returns - Regular &amp; Direct Plan</caption> <thead> <tr> <th>Year</th> <th>Regular Plan</th> <th>Direct Plan</th> <th>CRISIL Low Duration Debt Index</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>8.5</td> <td>9.5</td> <td>9.0</td> </tr> <tr> <td>2015-16</td> <td>8.0</td> <td>8.5</td> <td>8.5</td> </tr> <tr> <td>2016-17</td> <td>8.5</td> <td>8.5</td> <td>8.5</td> </tr> <tr> <td>2017-18</td> <td>7.5</td> <td>7.5</td> <td>7.5</td> </tr> <tr> <td>2018-19</td> <td>6.5</td> <td>6.5</td> <td>6.5</td> </tr> </tbody> </table>	Year	Regular Plan	Direct Plan	CRISIL Low Duration Debt Index	2014-15	8.5	9.5	9.0	2015-16	8.0	8.5	8.5	2016-17	8.5	8.5	8.5	2017-18	7.5	7.5	7.5	2018-19	6.5	6.5	6.5
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PORTFOLIO - Top 10 Holdings (As on Aug. 31, 2019)		SECTOR ALLOCATION - Top 10 (As on Aug. 31, 2019)															
Instrument	% of NAV	Sectors	% of NAV														
Bank of Baroda	11.36	FINANCIAL SERVICES	90.77														
National Housing Bank	10.88	ENERGY	3.08														
Axis Bank Ltd.	10.37	TREASURY BILLS	0.15														
Housing Development Finance Corporation Ltd.	9.36																
National Bank for Agriculture and Rural Development	9.27																
Small Industries Development Bank of India	9.14																
Dewan Housing Finance Corporation Ltd.	7.60																
Punjab National Bank	6.17																
Kotak Mahindra Bank Ltd.	6.09																
HDFC Bank Ltd.	5.99																
Website link for Monthly Portfolio Holding - <a href="http://www.principalindia.com">www.principalindia.com</a>																	
<b>Expenses of the Scheme</b>																	
<b>(i) Load Structure :</b>	<b>Exit Load:</b> • 3% if redeemed on or before 180 days from the date of allotment. • Nil if redeemed after 180 days from the date of allotment.																
<b>(ii) Recurring Expenses:</b>	<b>Annual Recurring expenses as a percentage of Daily Net Assets:</b> The AMC has estimated the below mentioned expenses expressed as a percentage to the daily net assets of the Scheme which will be charged to the Scheme as expenses. The estimated expenses under the Regular and Direct Plan of the Scheme, is as per the table below:																
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Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Goods and Services Tax on expenses other than investment and advisory fees	
Goods and Services Tax on brokerage* and transaction cost	
Other Expenses	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)</b>	<b>Upto 2.00%</b>
Additional expenses under regulation 52 (6A) (c)^	Upto 0.05%
Additional expenses for gross new inflows from specified cities #	Upto 0.30%

§**Direct Plan** under the aforementioned Scheme shall have a lower expense ratio excluding distribution expenses, commission, etc. and no commission for distribution of Units will be paid / charged under the Direct Plan.

# #Expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

The AMC may charge investment management and advisory fees and other expenses up to 2.00% of the daily net assets. The AMC reserves the right to change the estimates; both inter se or in total, subject to prevailing SEBI Regulations.

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

The AMC may incur actual expenses which may be more or less than those estimated above under any head and / or in total. The AMC will charge the Scheme such actual expenses incurred, subject to the statutory limit prescribed in the SEBI Regulations, as given below.

**Maximum Recurring Expenses:**

Daily net assets	As a % of daily net Assets (per annum)	Additional Total Expense Ratio as per SEBI Regulations 52 (6A) (c) #	Additional Total Expense Ratio as per SEBI Regulations 52 (6A) (b) #
First Rs. 500 crores	2.00%	0.05%	0.30%
Next Rs. 250 crores	1.75%	0.05%	0.30%
Next Rs. 1,250 crores	1.50%	0.05%	0.30%

Next 3,000 crores	1.35%	0.05%	0.30%
Next 5,000 crores	1.25%	0.05%	0.30%
Next 40,000 crores	Reduction of 0.05% for every increase of INR 5000 crores	0.05%	0.30%
Balance of assets over and above Rs. 50,000 crores	0.80%	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;
- (b) Expenses not exceeding 0.30% of daily net assets, if the new inflows from such cities as specified by SEBI from time to time are atleast (i) 30% of gross inflows in the Scheme OR (ii) 15% of the average assets under management (year to date) of the Scheme - whichever is higher.

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

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>

AMC may charge Goods and Services Tax on investment and advisory fees of the scheme in addition to the maximum limit of Total Expense Ratio as per the Regulation 52(6) and (6A).

Further, the following may be charged to the Schemes within the maximum limit of Total Expense Ratio as per Regulation 52 of the SEBI (Mutual Funds) Regulations, as amended from time to time -

- (a) \*Goods and Services Tax on expenses other than investment and advisory fees, if any;
- (b) Goods and Services Tax on brokerage and transaction costs on execution of trades, if any; and
- (c) Investor Education and awareness fees of at least 2 basis point on daily net assets of respective schemes.

The Goods and Services Tax on brokerage and transaction costs which are incurred for the purpose of execution of trade, will be within the limit of prescribed under Regulation 52 of SEBI Regulations.

The Fund shall strive to reduce the level of these expenses so as to keep them well within the maximum limits currently allowed by SEBI and any revision in the said expenses limits by SEBI would be applicable.

The Annual Recurring Expenses for the Plans under the Scheme shall be within the overall limit of 2.00% of the daily net assets.

	<p>These estimates have been made in good faith by the AMC as per the information available to AMC – the investment manager, based on the past experience and are subject to change inter-se. The expenses may be more than as specified in the table above, but the total recurring expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI Regulations. Expenses over and above the permissible limits will be borne by the AMC and/or the Trust and/ or the sponsor. The purpose of the above table is to assist the unitholder in understanding the various costs and expenses that a unitholder in the Scheme will bear directly or indirectly.</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>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>
<b>(iii)Actual Expenses:#</b> (For the previous Financial Year 2018-2019)	<b>Direct Plan – 0.35 % • Regular Plan – 0.74 %</b> #Expense ratio includes Goods and Service tax on Management Fees over and above TER and Additional B15 Exp ratio.
<b>Waiver of Load for Direct Applications</b>	Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no entry load shall be charged for all Mutual Fund Scheme(s). Therefore, the procedure for waiver of load for direct applications is no longer applicable.
<b>Tax treatment for the Investors (Unitholders)</b>	Investors are advised to refer to the details in the Statement of Additional Information and also independently consult their tax advisor.
<b>Daily Net Asset Value (NAV) Publication</b>	The NAV of the Scheme will be calculated on all Business Days. The same would also be updated on AMFI website by 11.00 p.m. on all Business Days. The NAV can also be viewed on the website of the Mutual Fund i.e. <a href="http://www.principalindia.com">www.principalindia.com</a> .
<b>For Investor Grievances Please Contact</b>	<b>Principal Mutual Fund:</b> Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051. TOLL FREE: 1800 425 5600. Fax: +91 22 6772 0512. E-mail: <a href="mailto:customer@principalindia.com">customer@principalindia.com</a> <b>Registrar: Karvy Fintech Private Limited. (Unit: Principal Mutual Fund),</b> Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032. • <a href="http://www.karvyfintech.com">www.karvyfintech.com</a>
<b>Unitholders' Information:</b>	<b>Account Statement:</b> An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of receipt of valid application to the Unit holders registered e-mail address and/or mobile number. Thereafter, a Consolidated Account Statement (CAS) containing details relating to all the transactions carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month shall be sent to the Unit holder in whose folio transactions have taken place during that month, on or before 10th of the succeeding month. In case of a specific request received from the Unit holders, the AMC/Fund will provide an account statement (reflecting transactions of the Fund) to the investors within 5 Business Days from the receipt of such request. Further, the CAS detailing holding across all schemes of all mutual funds at the end of every six months (i.e. September/ March), shall be sent by mail/e-mail on or before 10th of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period. The half yearly consolidated account statement will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical form. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically. Investors having MF investments and holding securities in Demat account shall receive a single Consolidated Account Statement (CAS) from the Depository. If an investor does not wish to receive single



	<p>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><b>Securities Consolidated Account Statement (SCAS):</b> 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><b>Portfolio Statement:</b> 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 - <a href="http://www.principalindia.com">www.principalindia.com</a> 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 <a href="http://www.principalindia.com">www.principalindia.com</a> 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**

<b>Comparison of certain features of Principal Low Duration Fund vis-a-vis other existing open-ended Debt/Income/Liquid Schemes of Principal Mutual fund</b>																										
<b>Scheme Name</b>	<b>Principal Cash Management Fund</b>	<b>Principal Dynamic Bond Fund</b>																								
Investment Objective	To provide investors with as high a level of income available from short-term investments as is considered consistent with preservation of capital and maintenance of liquidity, by investing in a portfolio of money market and investment grade debt instruments	To generate regular income and capital appreciation/accretion through investment in debt instruments and related securities besides preservation of capital.																								
Asset Allocation Pattern	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th><b>Types of Instruments</b></th> <th><b>Normal Allocation (% of Net Assets)</b></th> <th><b>Risk Profile</b></th> </tr> </thead> <tbody> <tr> <td>Call / Term Money / Repos / Reverse Repos / Deposits with Banks</td> <td>Upto 100%</td> <td>Low to medium</td> </tr> <tr> <td>Bill Re-discounting</td> <td>Upto 50%</td> <td>Low to medium</td> </tr> <tr> <td>Other equivalent Money Market Instruments</td> <td>Upto 100%</td> <td>Very Low</td> </tr> </tbody> </table>	<b>Types of Instruments</b>	<b>Normal Allocation (% of Net Assets)</b>	<b>Risk Profile</b>	Call / Term Money / Repos / Reverse Repos / Deposits with Banks	Upto 100%	Low to medium	Bill Re-discounting	Upto 50%	Low to medium	Other equivalent Money Market Instruments	Upto 100%	Very Low	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th><b>Types of Instruments</b></th> <th><b>Normal Allocation (% of Net Assets)</b></th> <th><b>Risk Profile</b></th> </tr> </thead> <tbody> <tr> <td>Debt Securities</td> <td>Upto 100%</td> <td>Low to Medium</td> </tr> <tr> <td>Money Market Instruments</td> <td>Upto 100%</td> <td>Low</td> </tr> <tr> <td>Securitised Debt</td> <td>Upto 50%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>Investment in derivatives shall be upto 35% of the net assets of the Scheme. Investment in Overseas Financial</p>	<b>Types of Instruments</b>	<b>Normal Allocation (% of Net Assets)</b>	<b>Risk Profile</b>	Debt Securities	Upto 100%	Low to Medium	Money Market Instruments	Upto 100%	Low	Securitised Debt	Upto 50%	Low to Medium
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Debt (including Securitised Debt) instruments other than those above	Upto 50%	Low to medium			
Investment Strategy	The scheme will invest its assets in a portfolio of money market instruments. The investments will be in securities, which the Investment Manager believes present minimal liquidity risks and/or credit risks.	The Scheme will aim to invest its assets in a portfolio of debt instruments and related securities of government, quasi-government, corporate issuers and money market instruments with varying risks – rated investment grade or higher or otherwise comparable (if not rated).			
AUM in Rs. Cr. (Aug 31, 2019)	210.44	34.63			
No. of Folios (Aug 31, 2019)	3713	1,971			
Differentiation	This scheme is suitable for investors who seek income from short term investments alongwith preservation of capital and maintenance of liquidity. The Fund Manager will endeavour to invest in securities which present minimal liquidity and/or credit risks. The investment universe of the scheme covers Call/Term Money/Repo/Reverse Repo/Deposits with Banks - upto 100%, Bills Re-discounting - upto 50%, other equivalent Money Market Instruments - upto 100%, Debt (including Securitised Debt) instruments other than those above - upto 50%. However as the scheme is positioned as a liquid fund, the scheme would be investing in instruments with maturity of up to 91 days.	The fund is Suitable for investors seeking risk efficient exposure to an actively managed fixed income portfolio that invests in a diversified basket of short-term debt, long-term debt and higher yielding debt securities. The fund manager will dynamically manage the portfolio by adjusting the duration and credit exposures over the interest rate cycle with an aim to provide superior risk adjusted return. This also mitigates the need for investors to switch between low and high duration funds over the interest rate cycle.			

Scheme Name	Principal Credit Risk Fund	Principal Short Term Debt Fund																											
Investment Objective	The Fund seeks to generate income and capital gains by predominantly investing in a portfolio of AA and below rated corporate debt securities across the credit spectrum within the investment grade.	To generate regular income and capital appreciation/ accretion through investment in debt instruments and related securities besides preservation of capital and has been designed to achieve stable returns over shorter-term investment horizons.																											
Asset Allocation Pattern	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1" data-bbox="334 510 857 1388"> <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>Investments in Corporate Debt (AA* and below rated instruments) including Securitised Debt#</td> <td>65%</td> <td>100%</td> <td>Medium to High</td> </tr> <tr> <td>Other Debt and Money market instruments and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)</td> <td>0%</td> <td>35%</td> <td>Low to Medium</td> </tr> <tr> <td>Units issued by REITs &amp; InvITs</td> <td>0%</td> <td>10%</td> <td>Medium to High</td> </tr> </tbody> </table> <p>(excludes AA+ rated corporate bonds)</p> <p>#Investment in Securitised Debt may be up to 30% of its Net Assets.</p> <p>Investment in derivatives shall be upto 35% of the net assets of the Scheme.</p> <p>Investment in Securities lending – up to 20% of the net assets</p> <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>	Type of instrument	Normal Allocation (% of Net Assets)		Risk Profile	Minimum	Maximum	Investments in Corporate Debt (AA* and below rated instruments) including Securitised Debt#	65%	100%	Medium to High	Other Debt and Money market instruments and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)	0%	35%	Low to Medium	Units issued by REITs & InvITs	0%	10%	Medium to High	<p>Under normal circumstances, the asset allocation pattern of the Scheme would be as follows:</p> <table border="1" data-bbox="919 510 1468 1050"> <thead> <tr> <th>Type of instrument</th> <th>Normal Allocation (% of Net Assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Debt Securities (including securitized debt upto 50%)</td> <td>Upto 100%</td> <td>Low to Medium</td> </tr> <tr> <td>Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)</td> <td>Upto 100%</td> <td>Low</td> </tr> </tbody> </table> <p>Investment in derivatives shall be upto 35% of the net assets of the Scheme.</p> <p>Investment in Securities lending – up to 20% of the net assets</p> <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>Macaulay Duration of the portfolio shall be maintained between 1 year and 3 years.</p>	Type of instrument	Normal Allocation (% of Net Assets)	Risk Profile	Debt Securities (including securitized debt upto 50%)	Upto 100%	Low to Medium	Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)	Upto 100%	Low
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Investment Strategy	The fund will predominantly invest in AA and below rated corporate debt instruments (including Securitised Debt)	The corpus of the Scheme be predominantly invested in Debt Securities including securitised debt and Money																											

	<p>across the credit spectrum with an aim to generate consistent superior levels of portfolio yields while managing overall credit and liquidity risks of the investment portfolio through sector, issuer and instrument diversification.</p> <p>The scheme may invest in derivatives shall be upto 35% of the net assets of the Scheme.</p>	<p>Market Instruments. The Scheme may also invest its assets in a portfolio of debt instruments and related securities of government, quasi-government, corporate issuers and money market instruments (rated investment grade or higher or other-wise comparable, if not rated) and varying risks such that the Macaulay Duration of the portfolio is between 1 year and 3 years.</p>												
AUM in Rs. Cr. (Aug 31, 2019)	58.3	156.86												
No. of Folios (Aug 31, 2019)	603	3,707												
Differentiation	The scheme aims to generate income by predominantly investing in AA and below rated Debt securities.	The scheme aims to generate income by investing in debt instruments and related securities of government, quasi-government, corporate issuers and money market instruments with Macaulay Duration of the Portfolio ranging between 1 year and 3 years.												
<b>Scheme Name</b>	<b>Principal Ultra Short Term Fund</b>	<b>Principal Low Duration Fund</b>												
Investment Objective	To generate regular income & capital appreciation through investments in debt securities and money market instruments.	To generate regular income & capital appreciation through investments in debt securities and money market instruments.												
Asset Allocation Pattern	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th>Type of instrument</th> <th>Normal Allocation (% of Net Assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Debt Instruments &amp; Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)</td> <td>Upto 100%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>Investment in Securitised Debt may be up to 50% of the net assets of the Scheme.</p> <p>Investment in Securities lending – up to 20% of the net assets</p> <p>The Scheme may also invest up to 50% of net assets of the Scheme in such derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing and other uses as may be permitted under the SEBI (Mutual Funds) Regulations, 1996.</p>	Type of instrument	Normal Allocation (% of Net Assets)	Risk Profile	Debt Instruments & Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)	Upto 100%	Low to Medium	<p>Under normal circumstances, the asset allocation would be as follows:</p> <table border="1"> <thead> <tr> <th>Type of instrument</th> <th>Normal Allocation (% of Net Assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Debt Instruments &amp; Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)</td> <td>Upto 100%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>Investment in Securitised Debt may be up to 50% of the net assets of the Scheme. The Scheme may also invest up to 50% of net assets of the Scheme in such derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing and other uses as may be permitted under the SEBI (Mutual Funds) Regulations, 1996.</p> <p>Investment in Securities lending – up to 20% of the net assets.</p>	Type of instrument	Normal Allocation (% of Net Assets)	Risk Profile	Debt Instruments & Money Market Instruments (including cash and TREPS) and units of Liquid/ Money Market/ Debt Mutual Fund Scheme(s)	Upto 100%	Low to Medium
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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.  Macaulay Duration of the portfolio shall be maintained between 3 months and 6 months.	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.  Macaulay Duration of the portfolio shall be maintained between 6 months and 12 months.
Investment Strategy	The net assets of the Scheme will be invested in debt and money market instruments. The Scheme will seek to optimize the risk return proposition for the benefit of investors. The investment process will focus on macro-economic research, credit risk and liquidity management. The Scheme will maintain a judicious mix of cash, short term and medium term instruments based on the mandates of the Scheme. As part of credit risk assessment, the Scheme will also apply its credit evaluation process besides taking guidance from ratings of rating agencies. In order to maintain liquidity, the Scheme will maintain a reasonable proportion of the Scheme's investments in relatively liquid investments.	The net assets of the Scheme will be invested in money market and debt instruments. The fund will seek to optimize the risk return proposition for the benefit of investors. The investment process will focus on macro-economic research, credit risk and liquidity management. The fund will maintain a judicious mix of cash, short term and medium term instruments based on the mandates of the Scheme. As part of credit risk assessment, the fund will also apply its credit evaluation process besides taking guidance from ratings of rating agencies. In order to maintain liquidity, the fund will maintain a reasonable proportion of the Scheme's investments in relatively liquid investments.
AUM in Rs. Cr. (Aug 31, 2019)	62.31	162
No. of Folios (Aug 31, 2019)	1,885	2880
Differentiation	The scheme aims to generate income by investing in Debt & Money Market Instruments (including cash & TREPS) with Macaulay Duration of the portfolio ranging between 3 months and 6 months.	The scheme aims to generate income by investing in debt & money market securities (including cash & TREPS) with the Macaulay Duration of the portfolio ranging between 6 months and 12 months.