

Principal Hybrid Equity Fund

An open-ended hybrid scheme investing predominantly in equity and equity related instruments



November, 2020

Fund Manager's View



Ravi Gopalakrishnan

Total work experience of 26 years.
Managing this scheme since July, 2019

Ashish Aggarwal

Total work experience of 16 years.
Managing this scheme since Oct, 2019

Bekxy Kuriakose

Total work experience of 20 years.
Managing this scheme since March, 2016

- The equity component of Principal Hybrid Equity Fund is diversified across 12 sectors.
- The largest allocation of the portfolio was to Financial Services. We have been under weight financials for the last few quarters. We are gradually increasing the weights in these sectors. As the economy comes out of the lock down, we believe, the stress on the financial system will ease going forward. Further, the negative impact of Covid on the balance sheet of banks and NBFCs are expected to be much lower what was earlier anticipated. As the economy improves and gets back into the growth trajectory, BFSI space is expected to perform well as it is a proxy to the economy. Given the negative perception around the sector, many good quality stocks are available at reasonable valuations.
- The other top overweight sectors were IT and Consumer Goods.
 - **IT:** Sector has seen multiple earnings upgrades, owing to better-than-expected recovery, along with jump in operating margins. We expect tech spends to remain a critical enabler for enterprises to transform in preparation for the new normal. Deal pipeline improved further v/s 1QFY21, reaching pre COVID levels, implying demand recovery and resilient macroeconomic signs, even as corporates responded to virus. The quarter also witnessed further EBIT margin expansion, largely backed by improvement in operational efficiency. We remain confident of margin stability at current levels
 - **Consumer Goods:** The Consumer Goods and especially the Consumer Discretionary space has been materially hit because of Covid and the subsequent lock down. However, as the lockdown tappers off, it may have a long term positive impact on consumption especially in areas such as automobiles, retail, and consumer electronics. Within the electronics space, the PLI (Production Linked Incentives) and the restrictions on fully imported electronic gadgets like TVs and mobile phones is likely to get a boost in domestic manufacturing.

Disclaimer:

- The sectors referred above should not be construed as recommendation from Principal AMC/Principal Mutual Fund. The scheme may or may not have any future positions in these sectors. The views given above may change from time to time without any notice. The investment strategy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document of the scheme.
- The data/statistics/comments are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation.

Fund Positioning



For Equity Portion

- 1 Large cap oriented portfolio
- 2 Tactical allocation to mid and small caps
- 3 Equity exposure to range between 70-80%
- 4 Endeavor to outperform benchmark in 2-3 year timeframes

For Debt Portion

- 1 High quality fixed income allocation
- 2 Active duration management

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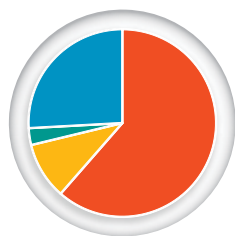
Top 3 Industry



as on October 31, 2020



Marketcap Breakup (For Equity Portion)



Large Cap	60.78
Mid Cap	9.42
Small Cap	2.83
Cash & Other Assets	26.97

as on October 31, 2020

Key Statistics

Standard Deviation [^] (Annualised)	14.72%
Beta [^]	1.04
Sharpe Ratio [^] (Annualised)	-0.10
Portfolio Turnover Ratio ^{**} Equity	1.44
Debt	0.43
	1.00

Note: [^] The above measures have been calculated by taking rolling returns for a 3 year period with 3.48% risk free rate of return (1 days-MIBOR Rate as on October 29, 2020).

^{**} The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period (as on October 31, 2020).

Top 10 Stocks

1	HDFC Bank Ltd.	6	Tata Consultancy Services Ltd.
2	Reliance Industries Ltd.	7	Hindustan Unilever Ltd.
3	Infosys Ltd.	8	Kotak Mahindra Bank Ltd.
4	ICICI Bank Ltd.	9	Larsen & Toubro Ltd.
5	Housing Development Finance Corporation Ltd.	10	Ultratech Cement Ltd.

as on October 31, 2020

Fund Details

Plans: Regular & Direct **Options:** Growth & Monthly Dividend (Payout, Reinvestment & Sweep) **Minimum Investment Amount:** New Investor: ₹300 | Existing Investor: ₹300 **Exit Load:** If redeemed/switched on or before 1 year from the date of allotment:

- Nil for redemption/switch out of units upto 24% of the units allotted (the limit)
- 1% on redemption in excess of 24% of the limit stated above
- Redemption of units would be done on First in First out Basis (FIFO) Nil thereafter **SIP / STP / RWP** - Available

Performance (as on October 30, 2020)

Period	Principal Hybrid Equity Fund		CRISIL Hybrid 35+65 - Aggressive Index* (Scheme's Benchmark)		Nifty 50 - TRI (Additional Benchmark)	
	Returns (%)	§PTP Returns	Returns (%)	§PTP Returns	Returns (%)	§PTP Returns
1 Year (31-10-2019 to 30-10-2020)	1.72	10172.16	5.60	10560.35	-0.98	9902.13
3 Years (31-10-2017 to 30-10-2020)	0.93	10281.62	6.40	12045.03	5.37	11697.98
5 Years (30-10-2015 to 30-10-2020)	8.77	15230.22	9.56	15796.40	8.98	15378.10
Since Inception (14-01-2000 to 30-10-2020)	10.33	77400.00	NA	NA	11.48	95908.06

Different plans shall have a different expense structure. The performance details provided herein are of Regular Plan - Growth option. **Past performance may or may not be sustained in future.** Returns (in) are calculated on Compounded Annualised Basis (CAGR). § PTP (Point to Point) Returns are based on standard investment of ₹10,000/- made at the beginning of relevant period. Performance of the dividend option for the investors would be net of dividend distribution tax, as applicable.

*The equity component of CRISIL Hybrid 35 + 65 - Aggressive Index is represented by total returns variant of S&P BSE 200

Annexure of returns for all schemes managed by Ravi Gopalakrishnan

	1 Year return (%)		3 Years returns (%)		5 Years returns (%)	
	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
PRINCIPAL Small Cap Fund Benchmark - Nifty SmallCap 100 Index Managing since - May 2019	17.21	12.25	NA	NA	NA	NA
PRINCIPAL Balanced Advantage Fund^{†2} Benchmark - 50% Nifty 100 Index - TRI + 35% CRISIL Short Term Bond Index + 15% Nifty Arbitrage Index Managing since - July 2019 (Equity Portion)	5.33	4.23	3.55	6.43	5.37	8.60

	1 Year return (%)		3 Years returns (%)		5 Years returns (%)	
	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
PRINCIPAL Emerging Bluechip Fund Benchmark - Nifty Large Midcap 250 Index - TRI Managing since - October 2019	4.24	2.22	0.42	2.13	10.14	9.13
PRINCIPAL Dividend Yield Fund Benchmark - Nifty Dividend Opportunities 50 - TRI Managing since - October 2019	2.68	-5.77	2.17	0.58	9.95	7.97
PRINCIPAL Retirement Savings Funds - Moderate Plan⁴ Benchmark - CRISIL Hybrid 35 + 65 - Aggressive Index** (Managing since - July 2019)	2.54	5.60	1.96	6.40	NA	NA
PRINCIPAL Retirement Savings Funds - Conservative Plan⁵ Benchmark - 30% Nifty 50 - TRI + 70% CRISIL Liquid Fund Index (Managing since - July 2019)	1.56	4.40	2.01	6.72	NA	NA
PRINCIPAL Retirement Savings Funds - Progressive Plan³ Benchmark - Nifty 200 Full Marketcap Index - TRI (Managing since - July 2019)	-1.22	-0.99	0.03	3.42	NA	NA
PRINCIPAL Focused Multicap Fund⁷ Benchmark - S&P BSE 250 Large Midcap Index - TRI Managing since - October 2019	1.46	-0.04	3.83	3.80	8.14	9.06
PRINCIPAL Multicap Growth Fund¹⁰ Benchmark - Nifty 500 Index - TRI Managing since - July 2019	-0.36	-0.12	-1.45	2.73	8.01	8.54

Funds Managed by Ms. Bekxy Kuriakose

PRINCIPAL Balanced Advantage Fund² Benchmark - 50% Nifty 100 Index - TRI + 35% CRISIL Short Term Bond Index + 15% Nifty Arbitrage Index Managing since - January 2018 (Debt Portion)	5.33	4.23	3.55	6.43	5.37	8.60
PRINCIPAL Low Duration Fund Benchmark - CRISIL Low Duration Debt Index Managing since - May 2019	5.30	7.50	-0.03	7.86	3.17	7.98
PRINCIPAL Ultra Short Term Fund⁶ Benchmark - Nifty Ultra Short Duration Debt Index Managing since - May 2019	4.36	5.95	4.04	7.28	5.35	7.38
PRINCIPAL Cash Management Fund Benchmark - CRISIL Liquid Fund Index Managing since - May 2019 (as on 31st Oct 2020)	4.10	4.97	2.85	6.50	4.61	6.77

Past performance may or may not be sustained in future. Different plans shall have a different expense structure. The performance details provided herein are of Regular Plan - Growth option. Returns (in %) are calculated on Compounded Annualised Basis (CAGR).

Mr. Ravi Gopalakrishnan manages Principal Balanced Advantage Fund (Equity Portion), Principal Hybrid Equity Fund - Equity Portion, Principal Multicap Growth Fund, Principal Retirement Savings Fund (Conservative Plan-Progressive Plan-Moderate Plan) and Principal Small Cap Fund (w.e.f. July, 2019). Ms. Bekxy Kuriakose is managing debt portion of Principal Hybrid Equity Fund w.e.f. March 2016. Mr. Ravi Gopalakrishnan also manages Principal Focused Multicap Fund, Principal Dividend Yield Fund, Principal Emerging Bluechip Fund (w.e.f. October 2019).

Ms. Bekxy Kuriakose manages Principal Cash Management Fund (w.e.f. May 2019), Principal Low Duration Fund (w.e.f. May 2019), and Principal Ultra Short Term Fund (w.e.f. May 2019).

² Ms. Bekxy Kuriakose manages Debt Portion of Principal Balanced Advantage Fund (w.e.f. January 01, 2018) Mr. Ravi Gopalakrishnan manage Principal Hybrid Equity Fund - Equity Portion, Mr. Bekxy Kuriakose - Debt Portion and Mr. Ashish Aggrawal - Associate Fund Manager (w.e.f. October 2019). Mr. Ravi Gopalakrishnan & Mr. Sudhir Kedia manages Principal Midcap Fund (w.e.f. December 2019)

¹ Formerly known as Principal Growth Fund (w.e.f. April 23, 2018) & ⁴ Formerly known as Principal SMART Equity Fund (w.e.f. June 04, 2018), ³ Formerly known as Principal Asset Allocation Fund of Funds: Aggressive Plan (w.e.f. June 11, 2018), ⁵ Principal Asset Allocation Fund of Funds: Moderate Plan (w.e.f. June 11, 2018) & ⁶ Principal Asset Allocation Fund of Funds: Conservative Plan (w.e.f. June 11, 2018), ⁷ Formerly known as Principal Money Manager Fund (w.e.f. May 16, 2018), ⁸ Formerly known as Principal Large Cap Fund (w.e.f. May 10, 2018).

** The equity component of CRISIL Hybrid 35+65 - Aggressive Index is represented by total returns variant of S&P BSE 200.

* Mr. Siddarth Mohta has been appointed as a Associate Fund Manager of Principal Multi Cap Growth Fund (w.e.f. August 2018) and Principal Small Cap Fund (w.e.f. May, 2019). 5 years performance of Principal Retirement Savings Fund - Progressive, Moderate & Conservative Plan is not given as the scheme have not been in existence for 5 years. **Note:** Performance of Principal Midcap Fund are not given as the schemes has not completed 1 year.

as on October 31, 2020

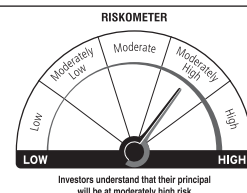
Principal Hybrid Equity Fund:

(An open ended hybrid scheme investing predominantly in equity and equity related instruments)

This product is suitable for investors who are seeking~

- Income and Long term Capital Growth.
- Investment in equity & equity related securities, debt/money market securities as well as derivatives.

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



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