

Principal Short Term Debt Fund[₹]

An Open Ended Short Term Debt Scheme Investing In Instruments Such That The Macaulay Duration Of The Portfolio Is Between 1 Year And 3 Years[¶]

[¶]Please Refer Page No. 23 of SID on which the concept of Macaulay's Duration has been explained.

November, 2020

While investing, choosing between the right duration and liquidity could sometimes be as tricky as the chicken-and-egg riddle. But with Principal Short Term Debt Fund you can turn the dilemma into an opportunity. It aims to take risk efficient exposure to higher duration instruments with ample liquidity.

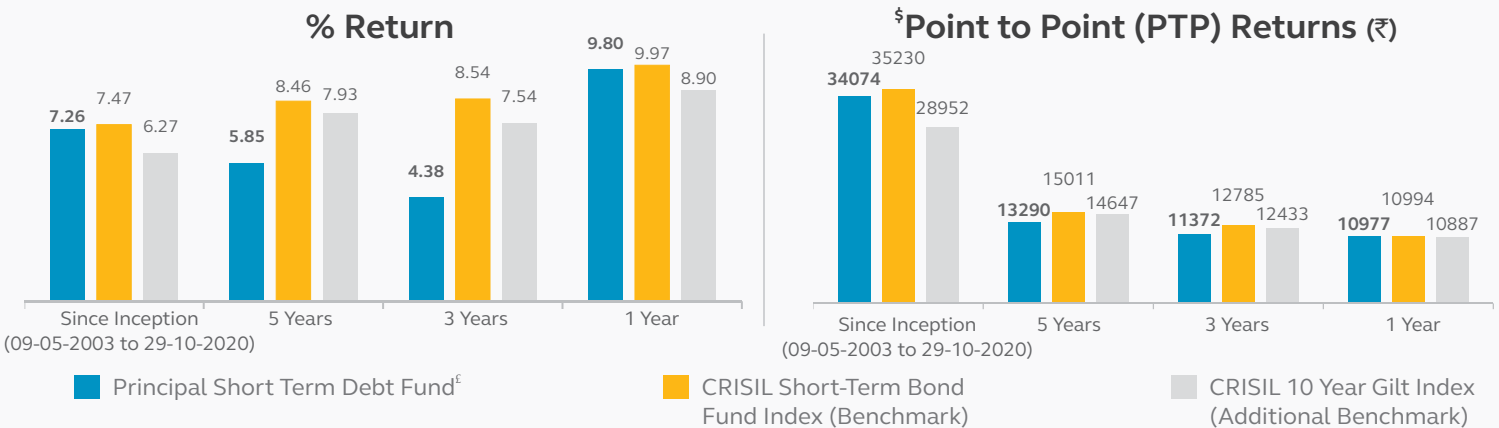
Why should you invest

- Principal Short Term Debt Fund is a short term income fund. The positing of the fund is between Ultra Short Term & long Term Income Fund.
- Presently, the Fund is being managed with Macaulay Duration of 2.90 years.
- 80%+ exposure to AA to AAA rated corporate bonds / Sovereign/Cash & cash equivalents with 1-3 years residual maturity which currently provide 150-200 bps over Repo rate thereby ensuring positive real returns.
- Current Gross YTM of the portfolio is 4.96% (as on October 31, 2020) which provides attractive entry point.

Outlook

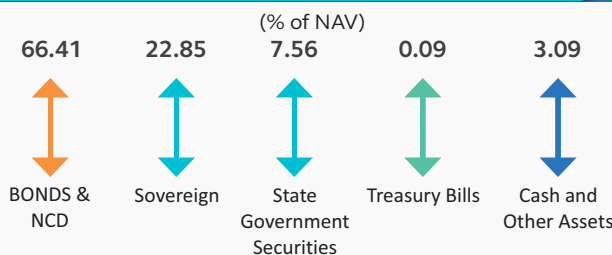
The fund continues to run with a very high credit quality exposures with a mix of AAA rated PSUs/PFIs/Pvt bonds and sovereign securities. Our lowest credit exposure is a bond with long term rating of AA+ (stable). Within private sector we are invested in sectors like cement where visibility of cash flow remain intact. Within financial sector exposures, we have chosen to select top rated housing finance entities and top rated senior bonds of private sector banks. We have avoided any exposure to NBFC sector. We continue our strategy of having core investment in 2 to 6 years corporate bonds between 60 to 75% of the fund to gain from attractive carry and relative value. We had gone light by few percentage points tactically last month but now are within this range. The rest of the position is invested in sovereign securities across the curve between 2yrs and less than 10year gsec. This position is actively managed to move the overall Macaulay duration between 1 to 3 as per the fund mandate. We also have allotted a portion of the fund to SDLs. The fund has benefited due to the compression of spreads vs gsec on account of RBI OMOs in SDLs.

Performance of Scheme (as on October 29, 2020)

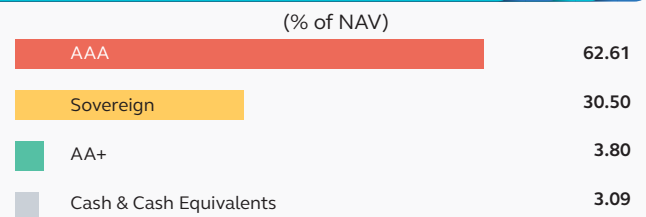


Past performance may or may not be sustained in future. Different plans shall have a different expense structure. The performance details provided herein are of Regular Plan - Growth option. Returns (in %) are calculated on Compounded Annualised Basis (CAGR). [₹] PTP (Point to Point) Returns are based 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. [₹] Formerly known as Principal Short Term Income Fund (w.e.f. May 18, 2018)

Top Composition by Assets (as on October 31, 2020)



Top 5 Ratings (as on October 31, 2020)



Investing Facts

Fund Manager



Gurvinder Singh Wasan

Total work experience of 16 years. Managing this scheme since April, 2011

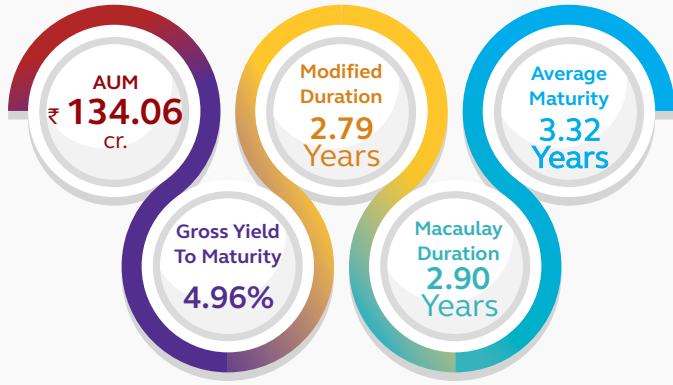
Plans: Regular and Direct Plan

Options: Both the Plans offer Dividend & Growth Option.

Minimum Investment Amount: New Investor: ₹ 5,000 | Existing Investor: ₹ 1,000

Exit Load: NIL (w.e.f December 26, 2019)

SIP/STP/RWP- Available



Date	Regular Plan	
	Dividend (₹/Unit*)	Cum Dividend NAV
Oct 16, 2020	0.1178	12.9372
July 17, 2020	0.3998	13.2192
May 17, 2019	0.0544	12.8738

Past performance may or may not be sustained in the future. * On face value of ₹10/-.

Note: All Dividend (₹/Unit) figures are Gross Dividend. Pursuant payment of dividend, the NAV of Dividend Option of schemes/plans would fall to the extent of payout and statutory levy, if applicable.

* Effective after the close of business hours on May 29, 2019. Principal Corporate Bond Fund got merged into Principal Short Term Debt Fund.

Annexure of returns for schemes managed by fund manager (as on October 29, 2020)

	1 Year return (%)		3 Years returns (%)		5 Years returns (%)	
	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Gurvinder Singh Wasan						
PRINCIPAL Equity Savings Fund[§] Benchmark - Nifty Equity Savings Index Managing since - May 2019 (Debt Portion)	6.16	5.20	4.31	6.75	6.20	7.94

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[§] Mr. Sudhir Kedia manages Equity Portion of Principal Equity Savings Fund (w.e.f. October, 2019)

DISCLAIMER: The investment strategy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document of the scheme. The views contained herein are not to be taken as an advice or recommendation to buy or sell any investment or interest thereto. Reliance upon information in this material is at the sole discretion of the reader. This material should not be relied upon by you in evaluating the merits of investing in any securities or products. Diversification does not guarantee investment returns and does not eliminate the risk of loss. It should be noted that the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. **Past performance may or may not be sustained in future.** The views and strategies described may not be suitable for all investors. Furthermore, whilst it is the intention to achieve the investment objective of the investment product(s), there can be no assurance that those objectives will be met. Investors are advised to consult their Investment advisors for determining their risk appetite and Tax Advisor before taking any investment decision.

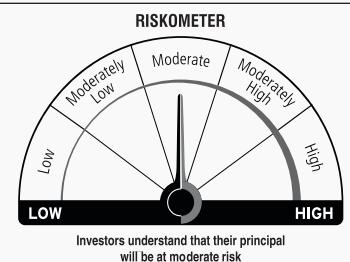
Principal Short Term Debt Fund:

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

This product is suitable for investors who are seeking ~

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

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



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