

STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information (SAI) contains details of Principal Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference and is legally a part of the Scheme Information Document.

This SAI is dated June 29, 2020

Name of Mutual Fund	Principal Mutual Fund
Name of Asset Management Company	Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited)
Name of Trustee Company	Principal Trustee Company Private Limited

Addresses, Website of the Entities:

Principal Mutual Fund	Address: Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Website: www.principalindia.com Email: customer@principalindia.com Toll Free No.: 1800 425 5600 Fax No. – (022) 67720512
Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited)	
Principal Trustee Company Private Limited	

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SECTION I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. CONSTITUTION OF THE MUTUAL FUND

Principal Mutual Fund (formerly known as IDBI-PRINCIPAL Mutual Fund and herein referred to as the “Mutual Fund”) has been constituted as a trust on November 25, 1994 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882).

The Fund was initially set up by Industrial Development Bank of India (IDBI) in 1994 by execution of the afore-referred Trust Deed, under which IDBI was the sole Settlor, Sponsor and Principal Trustee and an initial amount of Rs.1 lakh and additional amount of Rs. 24.99 Crore was settled as the trust corpus. Accordingly the Board of Trustees were vested with all the rights, duties and responsibilities vis-à-vis functioning of the Mutual Fund. The said Trust Deed has been registered under the Indian Registration Act, 1908 and the Mutual Fund was registered with SEBI on December 13, 1994 under Registration Code - MF/019/94/0.

Subsequently, on March 31, 2000, Principal Financial Services Inc., USA became the deemed sponsor (along with the IDBI) by acquiring 50% stake in IDBI-PRINCIPAL Asset Management Company Limited, where after and pursuant to the SEBI letter dated October 18, 2002 all rights, responsibilities and duties of the Board of Trustees were transferred in favour of IDBI- Principal Trustee Company Ltd. On June 23, 2003, Principal Financial Services Inc. USA became the sole sponsor by acquiring 100% stake in IDBI-PRINCIPAL Asset Management Company Limited, through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited (Principal Mauritius). Principal Mauritius thus became the sole settlor of the Fund and the name of the Asset Management Company and of the Trustee Company was changed respectively to Principal Asset Management Company Private Limited and Principal Trustee Company Pvt. Ltd. to reflect the change in ownership. In tune with the industry standards and practices, Principal Mauritius, the Settlor, maintains a corpus of Rs. 25 lakh in the Trust in place of the original contribution of Rs 1 lakh and additional contribution of Rs.24.99 crore vide execution of a supplemental trust deed dated April 16, 2004.

On May 5, 2004, Punjab National Bank (PNB) and Vijaya Bank (VB) became equity shareholders and they held equity shares to the extent of 30% and 5% respectively of the equity capital of both Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) and Principal Trustee Company Private Limited. Pursuant to this change in ownership, certain amendments were made to the Principal Mutual Fund vide Supplemental Trust Deed dated 5th May 2004, to reflect, amongst other amendments, the addition of Punjab National Bank and Vijaya Bank as the co-settlers to the Fund. Accordingly, Principal Mauritius, Punjab National Bank and Vijaya Bank had 65%, 30% and 5% rights, title, interest and obligations respectively as co-settlers to Principal Mutual Fund.

On June 27, 2014, Principal Mauritius acquired Vijaya Bank’s 4.03% and 5% stake respectively in Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) and Principal Trustee Company Private Limited. Pursuant to this change, Principal Mauritius and Punjab National Bank hold 70% and 30% rights, title, interest and obligations respectively.

Subsequently, on December 11, 2014, PPAMC issued shares on rights basis to the shareholders, which were subscribed only by PFGM.

On August 24, 2018, Principal International India Limited (a wholly owned subsidiary of Principal Financial Services Inc.), acquired Punjab National Bank’s stake in Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) and Principal Trustee Company Private Limited. Accordingly, Principal Financial Services Inc. holds 100% paid up capital of AMC and Trustee Company (through its wholly owned subsidiary Principal Financial Group (Mauritius) Ltd. and Principal International India Limited).

B. SPONSOR

Principal Mutual Fund is sponsored by Principal Financial Services Inc., USA [acting through its wholly owned subsidiaries Principal Financial Group (Mauritius) Ltd. and Principal International India Ltd]. Principal Financial Group (Mauritius) Ltd. is the Settlor of the Mutual Fund Trust with Principal International India Ltd as co-settlor. The settlors have entrusted a sum of Rs. 25 lakhs to the Trustee as the initial contribution towards the corpus of the Mutual Fund. Principal Financial Services Inc. is a member of the Principal Financial Group - a leading provider of financial products and services globally to businesses and individuals including retirement and investment services, Mutual Funds, life and health insurance, annuities and mortgage banking. Established in 1879, the Principal Financial Group has more than \$735 billion in assets under management and serves 33 million customers with offices in 25 countries throughout Asia, Australia, Europe, Latin America and North America (as on December 31, 2019). The business of Principal Financial Group (Mauritius) Limited, is to carry out business activities which are not prohibited under the Laws of Mauritius and the laws of the countries where the Company is transacting business and to do all such things as are incidental or conducive to the attainment of the above objects.

Financial Performance of the Sponsor (past three years):

Condensed Financial Position of Principal Financial Group, Inc. (holding Company of Principal Financial Services Inc., USA)

(In Millions USD)

Particulars	December' 2019	December' 2018	December' 2017
Net Worth	14,685.80	11,456.0	12,921.9
Total Income	16,222.10	14,237.2	14,093.2
Profit After Tax	1,394.20	1,546.5	2,310.4
Assets Under Management	753,300		

C. TRUSTEE

Principal Trustee Company Private Limited (the “Trustee”), through its Board of Directors, shall discharge its obligations as Trustee of the Principal Mutual Fund. The Trustee ensures that the transactions entered into by the Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) (AMC) are in accordance with the SEBI (Mutual Funds) Regulations, 1996 and will also review the activities carried on by the AMC.

Principal Trustee Company Private Limited (formerly IDBI-PRINCIPAL Trustee Company Limited), a company incorporated under the Companies Act, 1956 is the Trustee to the Fund with effect from October 18, 2002. Prior to October 18, 2002, Board of Trustees discharged the Trusteeship function of the Fund. The Trustee has the exclusive ownership of the Trust Fund and is vested with the general powers of superintendence, direction and management of the affairs of the Trust.

On June 23, 2003, Principal Financial Services Inc. USA acquired 100% stake in IDBI-PRINCIPAL Trustee Company Limited, through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited. Name of the Trustee Company was changed to Principal Trustee Company Private Limited, to reflect the change in ownership.

On May 5, 2004, Punjab National Bank and Vijaya Bank became equity shareholders of the Trustee Company and post this, Principal Financial Group (Mauritius) Limited, Punjab National Bank and Vijaya Bank held 65%, 30% and 5% respectively of the paid up equity capital of the Trustee Company.

On June 27, 2014, Principal Financial Group (Mauritius) Limited acquired Vijaya Bank’s 5% stake in Principal Trustee Company Private Limited. Accordingly, Principal Financial Group (Mauritius) Limited and Punjab National Bank hold 70% and 30% respectively of the paid up equity capital of the Trustee Company.

Subsequently, on August 24, 2018 Principal Financial Services Inc., (the existing sponsor) has through its wholly owned subsidiary Principal International India Ltd (PIIL) acquired PNB’s entire stake constituting 30% of the paid-up equity share capital of the Principal Trustee Company Pvt. Ltd. Accordingly, Principal Financial Group (Mauritius) Limited and Principal International India Ltd hold 70% and 30% respectively of the paid up equity capital of the Trustee Company.

The Trustees have appointed SBI-SG as the Custodian and KFin Technologies Private Limited as the Registrar & Transfer Agent for all the schemes, existing as well as schemes to be launched from time to time.

The Trustee discharges the supervisory role by having a number of checks and balances besides having continuous feedback from the AMC on matters of importance and a review of the Mutual Fund’s operations at the periodical meetings of the Board of Directors of the Trustee Company which are required to be held at least once in two calendar months as per the Regulations.

The Trustees shall also discharge the supervisory role by reviewing the internal audit report/compliance reports on a regular basis.

Seven (7) Board Meetings of the Trustee Company were held during the period April 1, 2019 to March 31, 2020

Details of Trustee Directors:

Mr. Michael Pinto	76 Years MA. (Political Science), MA (Sociology), MPA (Master of Public Administration),(Harvard University)	With a career spanning over 45 years, Mr. Pinto joined the Government of India in the Indian Administrative Service (IAS) and served till his superannuation in 2003. He held several assignments during this tenure including: CEO - Maharashtra Industrial Development Corp., Vice-Chairman and Managing Director -MSRTC, CMD - Handicrafts and Handlooms Export Corporation of India, Chairman - Central Cottage Industries Corporation, MD - Maharashtra State Finance Corporation, Minister (Economic) - Embassy of India - Paris, Chairman - Maharashtra State Electricity Board, Director General (Shipping) - Govt of India, Chairman - Jawaharlal Nehru Port and Secretary (Shipping) - Govt. of India. He has also served as Vice Chairman of the National Commission for Minorities in the rank and status of Union Minister of State. He is also a Director on the Board of various other companies including Shapoorji Pallonji Forbes Shipping Ltd, Star Paper Mills Ltd, , Tolani Shipping Company Ltd and International Seafarers Welfare Network.
Mr. O.V. Bundellu	69 Years M.Sc., Certified Associate in Indian Institute of Banking and Masters of Financial Management	Mr. Bundellu has more than 37 years of experience in Banking, Commercial banking and Treasury. He retired as a Whole-time Director from IDBI Bank Limited, where he served since 1987. He also served as Director on the Board of IDBI Home Finance Limited, IDBI Gilts Limited and IDBI Fortis Life Insurance Company Limited. He has been a member on the HRD committee of the Indian Bank Association. Mr. Bundellu is also a Director on the Board of Laxmi Organic Industries Ltd.
Ms. Tess Downey*	54 Years Post Graduate Overseas Lawyer from Law Society of HK, Law Society of England & Wales, Post Graduate Practice Law Course, Law from Singapore Board of Legal Education, LLB (Hons), Law from National University of Singapore	Ms. Tess Downey has been associated with AIG and Prudential PLC UK as Vice President and Regional Director respectively in the field of Legal and Developmental role. She is currently working with Principal International Asia Limited as Regional Counsel, Asia in the responsibility of Legal/ Compliance/ Company Secretary. Prior to working with Principal International Asia Ltd as the Regional Counsel for Legal / Company Secretary, Ms. Tess Downey was associated with Prudential PLC UK as the Regional Director in the field of New Market Development. Prior to working in Prudential PLC UK, she was the Vice President of AIG in the Legal / Commercial Role. She is also a Director on the Board of Principal International (South Asia) Sdn Bhd, Principal Consulting (India) Private Ltd and Principal Financial Group (Mauritius) Ltd.

Mr. Ameet Parikh	59 Years B.com, FCA, Bachelor of Law	Mr. Ameet Parikh is the Managing Partner of Morphis Business Advisory LLP , which provides advisory and financial services to family owned SME companies in India. Mr. Parikh is also cofounder of Morphis Management Services LLP which provides the financial operations services to Investee Companies of PE funds. He was previously Global partner of Arthur Andersen and EY and also founder and Managing Director of Axis Risk Consulting Services, which is now a Genpact company.
Mr. Raman Uberoi	52 Years B.com, ACA	Mr. Raman Uberoi was COO of CRISIL and headed the Ratings Business of CRISIL. He also headed Risk & Infrastructure business for subsidiary of CRISIL. Currently he is advising CRISIL on Regulatory & Government Affairs. Mr.Uberoi is also Advisor on Strategic matters to Aspiring Minds Assessments Private Limited and Piramal Capital Housing Finance Limited. He is Director on the Board of Receivables Exchange of India Limited.
Mr. Alejandro Elias Echegorri Rodriquez	59 years – Masters in Economics, Argentina	Mr. Alejandro Echegorri Rodriguez is Chief Investment Officer for Principal Global Asset Management. He is responsible for overall investment strategy and the investment process for the group and for overseeing the management of pension, mutual funds and general accounts in the Asia as well as for supporting the overall development of the asset management business in the region. He has been associated with Principal Group since 2003.

* Associate Director in terms of SEBI Regulations.

Duties and Responsibilities of Trustees:

1. The Trustees and the AMC shall, with the prior approval of SEBI, enter into an Investment Management Agreement.
2. The Investment Management Agreement shall contain such clauses as are mentioned in the Fourth Schedule of SEBI (Mutual Funds) Regulations, 1996 and such other clauses as are necessary for the purpose of making investments.
3. The Trustees shall have a right to obtain from the AMC such information as is considered necessary by the Trustees.
4. The Trustees shall ensure that before the launch of any scheme that the AMC has –
 - systems in place for its back office , dealing room and accounting;
 - appointed all key personnel including Fund Manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the Trustees, within 15 days of their appointment;
 - appointed auditors to audit its accounts;
 - appointed a Compliance Officer to comply with regulatory requirements and for redressal of investor’s grievances;
 - appointed registrars and laid down parameters for their supervision;
 - prepared a compliance manual and designed internal control mechanisms including internal control mechanisms including internal audit systems;
 - obtained wherever required under the regulations prior-in principle approval from the Stock Exchange(s) where units are proposed to be listed.
- 4(A)The Trustees shall ensure that the Compliance Officer appointed immediately and independently reports to SEBI any non – compliance observed by him.

5. The Trustees shall ensure that an AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
6. The Trustees shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unitholders.
7. The Trustees shall ensure that the transactions entered into by the AMC are in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the scheme.
8. The Trustees shall ensure that the AMC has been managing the Mutual Fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
9. The Trustees shall ensure that all the activities of the AMC are in accordance with the provisions of the SEBI (Mutual Funds) Regulations, 1996.
10. Where the Trustees have reason to believe that the conduct of business of the Mutual Fund is not in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the scheme, they shall forthwith take such remedial steps as are necessary by them, and shall immediately inform SEBI of the violation and the action taken by them.
11. Each Trustee shall file the details of his transactions (exceeding R1 lakh) of dealing in securities with the Mutual Fund on a quarterly basis.
12. The Trustees shall be accountable for and be the custodian of the Funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the provisions of trust deed.
13. The Trustees shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the trust deed and SEBI Regulations.
14. The Trustees shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of any scheme in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the trust deed.
15. The Trustees shall obtain the consent of the Unitholders –
 - a) whenever required to do so by SEBI in the interest of the unitholders; or
 - b) whenever required to do so on the requisition made by three fourths of the unitholders of any scheme; or
 - c) when the majority of the Trustees decide to wind up or prematurely redeem the units;
- 15(A) The Trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless –
 - a) a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - b) the unitholders are given an option to exit at the prevailing load Net Asset Value without any exit load.
16. The Trustees shall call for the details the details of transactions in securities by the Key Personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
17. The Trustees shall quarterly review all transactions carried out between the Mutual Fund, AMC and its associates.
18. The Trustees shall review the net worth of the AMC on a quarterly basis and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21 of SEBI (Mutual Funds) Regulations, 1996.
19. The Trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and verify it that such contracts are executed in the interest of the unitholders.
20. The Trustees shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unitholders.
21. The Trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.
22. The Trustees shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996.
23. The Trustees shall furnish to SEBI on a half yearly basis –
 - a) a report on the activities of the Mutual Fund;
 - b) a certificate stating that the Trustees have satisfied themselves that there have been no instances of self dealing or front running by any of the Trustees, Directors and Key Personnel of the AMC;
 - c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 of SEBI (Mutual Funds) Regulations, 1996 have been undertaken by the AMC and has taken adequate steps to ensure that the interest of the unitholders are protected.

24. The Independent Trustees referred to in sub-regulation (5) of regulation 16 of SEBI (Mutual Funds) Regulations, 1996 shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsor.
25. The Trustees shall not acquire nor allow the AMC to acquire any assets out of the Trust Fund and/or unit capital, which involves the assumption of unlimited liability or results in the encumbrances of Trust Fund, and/ or Unit Capital in any way.
26. The Trustees shall maintain arms' length relationship with companies, institutions, financial intermediaries or bodies corporate with which the Trustees may be associated in any capacity in carrying out their responsibilities as the Trustees of the Mutual Fund.
27. The Trustees shall not participate in any decision-making process/ resolution of its Board for any investment in which they may be interested.
28. All of the Trustees shall furnish to SEBI, the interest which they may have in any other company, or institution or financial intermediary or any corporate by virtue of his/her position as Director, partner or with which he/she may be associated in any other capacity.
29. No amendments to the trust deed shall be carried out without the prior approval of SEBI and unitholder's approval / consent would be obtained where it affects the interests of unitholders as per the procedure / provisions laid down in the Regulations.

Trustees shall exercise due diligence as under:

General Due Diligence

- a) The Trustees shall be discerning in the appointment of the Board of Directors of the AMC.
- b) The Trustees shall review the desirability or continuance of AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- c) The Trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- d) The Trustees shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.
- e) The Trustees shall arrange for test checks of service contracts.
- f) The Trustees shall immediately report to SEBI of any special developments in the Mutual Fund.

Specific Due Diligence

The Trustees shall

- a) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
 - b) Obtain compliance certificates at regular intervals from the AMC.
 - c) Hold meeting of Trustees more frequently.
 - d) Consider the reports of the independent auditor and compliance reports of AMC at the meetings of Trustees for appropriate action.
 - e) Maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
 - f) Prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel.
 - g) Communicate in writing to the AMC of the deficiencies and checking the removal of deficiencies.
30. Notwithstanding anything contained herein above from points (1) to (29) the Trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
 31. The Trustees shall pay specific attention to the following as may be applicable, namely -
 - a) The Investment Management Agreement and the compensation paid under the agreement.
 - b) Service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.
 - c) Selection of the AMC's independent directors.
 - d) Securities transactions involving affiliates to the extent such transactions are permitted.
 - e) Selecting and nominating individuals to fill Independent Director's vacancies.
 - f) Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
 - g) The reasonableness of the fees paid to the sponsors, AMC and any other for services provided.
 - h) Principal underwriting contracts and the renewals.
 - i) Any service contract with the associates of the AMC.

D. ASSET MANAGEMENT COMPANY

Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) (AMC) is a private limited company incorporated under the Companies Act, 1956 on November 20, 1991 having its Registered Office at Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, India. Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) has been appointed as the Asset Management Company of the Principal Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated November 25, 1994 executed between Trustee and AMC.

AMC has been granted approval by SEBI to function as an Asset Management Company of Principal Mutual Fund, and shall be responsible, inter alia, for the following:

1. Launching and operating various schemes of the Mutual Fund;
2. Performing Investment Management functions for various schemes of the Mutual Fund;
3. Ensuring that the investment of the assets pertaining to any scheme is made in accordance with the provisions of the SEBI Regulations and the Trust Deed including Supplemental Trust Deed thereto;
4. Ensuring that adequate disclosures are made to the unitholders and to SEBI.

Besides the offering and management of Schemes of Principal Mutual Fund, the AMC may undertake activities in the nature of management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the mutual fund in line with SEBI (Mutual Funds) Regulations, 1996.

AMC has been registered as a Portfolio Manager under the provisions of SEBI (Portfolio Manager) Regulations, 1993 vide SEBI Registration no. INP000000951. AMC has ensured that the key personnel of the AMC, the systems, back office, bank and securities accounts have been segregated activity wise and there exists systems to prohibit access to inside information of various activities. Further, the AMC has ensured that it meets with the capital adequacy requirements as mentioned in the Regulations separately for each of the activities.

SEBI has vide letter No. IMD/MHS/37746/2005 dated April 5, 2005 granted no objection to AMC for undertaking activities which are in the nature of advisory services to offshore funds, venture capital funds, financial consultancy and exchange of research pertaining to securities.

The AMC can be terminated by a majority of the Trustees or 75% of the unitholders in the Fund opting so, subject to scrutiny and approval of SEBI.

The present share holding pattern of the AMC is as follows:

Name of the Shareholder	% of equity capital
Principal Financial Group (Mauritius) Limited*	78.62
Principal International India Ltd	21.38

* includes shares held by its nominee

Details of AMC Directors:

Name	Age / Qualification	Brief Experience
Mr. Madhukar M. Kamath	60 years B. Com, FCA, FCS	Mr. Kamath has over 28 years of experience in the Industry especially in the field of project approval and implementation, Investment Advisory, dealing with regulatory authorities, preparation of project reports, handling bankers, financing and administration and management activities. Mr. Kamath, has been handling Foreign Direct Investment projects since last 10 years and has been instrumental in helping many multinationals for implementing projects in India. He has won awards for successful implementation and for excellent performance in Project Management. He is also a Director on the Board of various other companies such as Allright Business Services Private Limited, Allright Consultancy Private Limited, Dialogue Trading & Consulting LLP, KT Cimpex Private Limited, Madhushree Securities Services LLP and Empiretail Lifestyle Private Limited.
Mr. Ganesh Natarajan	62 Years Bachelors in Mechanical Engineering, PG in Industrial Engineering, PhD in Knowledge Management, Advanced Management – Harvard Business School	Mr. Ganesh Natarajan is Executive Chairman and founder of 5F World, a platform for Digital Start-ups, Skills and Social Ventures in the Country. He is also founder of Global Talent Track & Skills Alpha and co-founder of 2 Indo-US Joint Ventures – Kalzoom Advisors and Centre for AI and Advanced Analytics. He is also working as Director and ‘Digital and IT Committee’ Head of Fino Payments Bank. He was earlier CEO of eminent companies like Aptech Ltd and Zensar Technologies Ltd.
Mr. Suresh Mahalingam	57 Years PGPIM, IMI, New Delhi, B.Com, University of Madras	Mr. Suresh Mahalingam in the last 15 years has been in Senior Leadership roles across the financial service sector. Mr. Mahalingam is currently Member -Group Management Council in Wadhawan Global Capital Pvt Ltd and was CEO & MD of TATA AIA Life Insurance.
Ms. Jane Ann Conway	61 Years Graduation in Spanish in International Studies from IOWA State University.	Ms. Jane Ann Conway has joined as a Country Head – India for Principal International India and is responsible for Strategic leadership and overall activities in the Country. Ms. Conway has expertise in risk management. She has been in finance industry for more than 3 decades.
Mr. Pedro Estean Borda*	59 years Masters in Finance, Bachelor in Administration, Specilisation in Agriculture Businesses	Currently, the president of Southeast Asia & India Of Principal International South Asia Sdn Bhd (PISA) based in Malaysia. he is now the chairman of CIMB-Principal Asset Management Berhad (CPAM). was a Director of CPAM. Prior to joining to PISA, was CEO of ASEAN Region Of CPAM. In Addition, he was the country head-Mexico, Vice President of Principal Financial Group and Previously a Member of the BOD of Principal Financial Group, Chile.

Mr. Venkata Surya Bharat Ravuri, Managing Director*	46 Years Graduated from Andhra University, MCA from Andhra University and MBA from Indian School of Business	Mr. Bharat is an experienced financial services professional with over 25 years of corporate and entrepreneurial experience. Mr. Bharat is also the Managing Director for Principal Retirement Advisors – India. He was formerly associated with Fidelity Investments, working closely on Asset Management and Brokerage businesses. Prior to his stint with Principal Retirement Advisory services, he launched a FinTech company called MintZip to help customers make better financial decisions. This helped him build a deep insight into customer mindset & their needs. He has been instrumental in significantly increasing revenues through innovative product launches and new market strategies, and has championed large global transformation programs. Bharat has cultivated strong business knowledge in banking, asset management and benefits administration.
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* Associate Directors in terms of SEBI Regulations.

Duties and Responsibilities of AMC:

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
- 2A. The AMC shall obtain wherever required under the regulation, prior in principle approval from recognised Stock Exchange(s) where units are proposed to be listed.
3. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
4. The AMC shall submit to the Trustees quarterly reports of each year on its activities and the compliance with SEBI (Mutual Funds) Regulations, 1996.
5. The Trustees at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustees have accepted the termination of assignment and communicated their decision in writing to the AMC.
6. Notwithstanding anything contained in any contract or agreement of termination, the AMC or its Directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omission, while holding such position or office.
 - (a) The Managing Director of the asset management company shall ensure that the mutual fund complies with all the provisions of SEBI (Mutual Funds) Regulations, 1996 and that the investments made by the fund managers are in the interest of the unitholders and shall also be responsible for the overall risk management function of the mutual fund.
 - (b) The Fund manager/s shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unitholders
7. (a) The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which on an average is 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes.

Provided that for the purpose of this provision, aggregate purchase and sale shall exclude sale and distribution of units issued by the Mutual Fund

Provided further that the aforesaid limit of 5% shall apply for a block of any three months.

(b)The AMC shall not purchase or sells securities through any broker (other than a broker referred to clause (a) of (7) above) which is on an average of 5% or more of the aggregate purchase and sale of securities made by the Mutual Fund in all its Schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such Investments are sent to the Trustees on a quarterly basis. Provided that the aforesaid limit of 5% shall apply for a block of 3 months.

8. The AMC shall not utilize the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that an AMC may utilize such services if disclosure to that effect is made to the unitholders and the brokerage or commission paid is also disclosed in the half yearly and annual accounts of the Mutual Fund.

Provided further that the Mutual Fund shall disclose at the time of declaring half –yearly and yearly results:

- any underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issue of securities of associate of companies,
- devolvement, if any
- subscription by the schemes in the issues lead managed by associate companies.
- subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies has acted as arranger or manager.

9. The AMC shall file with the Trustees the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.

10. In case the AMC enters into any Securities transactions with any of its associates a report to that effect shall be sent to the Trustees at its next meeting.

11. In case any company has invested more than 5 percent of the NAV of a scheme, the investment made by that scheme or by any other scheme of the Mutual Fund in that company or its subsidiaries shall be brought to the notice of the Trustees by the AMC and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment, provided the latter investment has been made within one year of the date of the former investment calculated on either side.

12. The AMC shall file with the Trustees and SEBI:

- Detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment;
- Any change in the interest of directors every six months; and
- A quarterly report to the Trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the AMC as the case may be, by the Mutual Fund during the quarter.

13. Details of Transactions of dealing in securities of the Directors of the AMC shall be filed with the Trustees on a quarterly basis in accordance with the guidelines issued by SEBI in this regard.

14. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.

15. The AMC shall appoint Registrars and Share Transfer Agents who are registered with SEBI. Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rate higher than the competitive market rates, prior approval of the Trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.

16. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996.

Information on Key Personnel:

Name / Designation	Age / Qualification	Brief Experience
Mr. Venkata Surya Bharat Ravuri <i>Managing Director</i>	46 Years Graduated from Andhra University, MCA from Andhra University and MBA from Indian School of Business	Mr. Bharat is an experienced financial services professional with over 25 years of corporate and entrepreneurial experience. Mr. Bharat is also the Managing Director for Principal Retirement Advisors – India. He was formerly associated with Fidelity Investments, working closely on Asset Management and Brokerage businesses. Prior to his stint with Principal Retirement Advisory services, he launched a FinTech company called MintZip to help customers make better financial decisions. This helped him build a deep insight

		into customer mindset & their needs. He has been instrumental in significantly increasing revenues through innovative product launches and new market strategies, and has championed large global transformation programs. Bharat has cultivated strong business knowledge in banking, asset management and benefits administration.
Mr. Rajat Jain <i>Chief Investment Officer</i>	57 years B.E. (Mech), PGDM	Mr. Jain is currently the Chief Investment Officer at AMC. In his current role he oversees investments of Principal Mutual Fund and the overall portfolio strategy. He has over 30 years of experience in Investment Management at Mutual Funds out of which last 16 year's being associated with Principal Mutual Fund. In his previous assignment he was associated with SBI Mutual Fund as the Chief Investment Officer.
Mr. Hariharan Iyer <i>Head – Operations and Customer Service</i>	50 years Masters in Marketing Management, Associate of Insurance Institute of India	Mr. Iyer has over 21 years of experience in role of network management, Customer Services and process management in Mutual Fund and Transfer Agency. In his previous assignment he was associated with Deutsche Investor Services Pvt. Ltd and prior to that he was also associated with Birla Sun Life Asset Management Co. Ltd, ING Investment Management Co. (I) Pvt. Ltd. and HDFC Asset Management Company Limited.
Ms. Richa Parasrampur <i>Head-Compliance</i>	35 years B.Com, C.S., LLB	Ms. Parasrampur has over 12 years of experience in Asset Management Compliance. Prior to joining Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited), she has worked with JPMorgan Asset Management India Pvt. Ltd., Reliance Capital Asset Management Ltd. and Standard Chartered Asset Management Co. Pvt. Ltd.
Mr. Ravi Gopalakrishnan <i>Head – Equity</i>	53 years M.S. Finance (Investments) & M.B.A.	Mr. Ravi Gopalakrishnan has over 25 years of experience in research and asset management business. During the course of his career, he has worked across many Asset Management Companies, including Canara Robeco AMC, Pramerica AMC, and Sun F&C AMC. He has managed several funds across Large Cap, Multi-cap and Mid cap strategies. He has a very strong research background and has sound knowledge of the fund management business.
Mr. Sudhir Kedia <i>Fund Manager</i>	40 years/ CA, CWA & MBA	Mr. Sudhir Kedia has over 13 years of experience in research and asset management business. During the course of his career, he has worked with Mirae India AMC and ASK Investment Managers. He has managed Hybrid strategies and other Multi cap portfolios in his earlier organisations. He has a very strong research background and has sound understanding of the fund management business.
Ms. Bekxy Kuriakose <i>Head – Fixed Income</i>	42 years B.A(Honours) in Economics, PGDM IIM Bangalore	Ms. Kuriakose has over 19 years of experience in dealing, research and fund management. In her previous assignments she has worked with L&T Mutual Fund as AVP (Fixed Income) handling all fixed income funds, Reliance Life Insurance as Fund Manager (Fixed Income) and SBI Mutual as Fund Manager for debt schemes.

Mr. Gurvinder Singh Wasan <i>Fund Manager</i>	39 years MCOM, Chartered Accountant and CFA	Mr. Wasan has more than 15 years of experience in Fixed Income Markets, Credit Analysis and Structured Finance. Prior to joining Principal Mutual Fund, he has worked with Crisil Ltd. and ICICI Bank Ltd.
Ms. Rupali Pandit <i>Dealer-Equity</i>	48 years B.Com, Chartered Accountant(Intermediate)	Ms. Pandit has more than 19 years of experience in Equity Dealing and liasoning with the Brokers. Prior to joining Principal Mutual Fund, Ms. Pandit has been associated with ABN AMRO Asset Management (India) Limited, IL&FS Asset Management Company Limited, GIC Mutual Fund as an Equity Dealer.
Mr. Paras Mehta <i>Dealer - Fixed Income</i>	24 years / M.Com	Mr. Paras Mehta is a Dealer in Fixed Income. He has worked with SBI Pension Funds Pvt. Ltd. for more than 3.5 years in the Investment team as a Fixed Income and Equity Dealer.
Mr. Gaurav Goyal <i>National Head - Sales & Distribution</i>	44 Years B.Sc , MMS	Mr. Goyal, National Head - Sales & Distribution, has more than 19 years of experience in the Financial Services in Sales & Distribution. He has been involved in launching and setting up multiple locations, new product launches and multiple distribution channels in his previous assignments. In his role as National Head - Sales & Distribution he is responsible for growing the Institutional, Retail Sales & business development initiatives for the organization. In his previous assignment he was associated with ICICI Prudential Asset Management as Vice President and was working as Head – IFA Channel & Investor Education. His prior assignments included HDFC Bank, Citi Financial, ICICI Prudential Life Insurance and IDBI Capital. Mr. Goyal is a Science graduate and holds a degree of Masters in Management Studies.
Mr. Ragesh Renganathan <i>Head - Fund Accounting, Commission and MIS</i>	40 Years B.Com, FCA, CISA	Mr. Ragesh Renganathan, Head - Fund Accounting, Commission and MIS, is responsible for the Fund Accounting activities. He is also responsible for Commission and MIS functions. He has an overall experience of over 19 years with around 10 years' experience in Asset Management Industry. He has worked with Franklin Templeton MF earlier managing the Fund Administration and the NAV functions.
Mr. Siddharth Singh <i>Head – Products and Bank Alliances</i>	43 Years / B.A (Hons)., PGDM (Indian Institute of Management Indore)	Siddharth Singh is Head - Products and Bank Alliances and is responsible for all product development and management and distribution alliances with Banks. He has over 18 years of experience in financial services with more than 15 years in asset management. He has earlier worked with DHFL Pramerica Asset Managers, Deutsche Asset Management and ICICI Prudential Asset Management.
Mr. Siddarth Mohta <i>Associate Fund Manager</i>	39 Years / MBA (Finance), Financial Risk Management	Siddarth Mohta joined Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) as Investment Risk Analyst in March 2009. He has over 14 years of experience in Finance and Stock Markets. Prior to joining Principal, he worked as an

		Analyst in Adventity Global Services, ICRA Management Consulting Services, and Polaris Software Ltd. He holds a Bachelor of Commerce degree, Post Graduate Diploma in Management in Finance and Certified Financial Risk Management.
Mr. Anirvan Sarkar <i>Fund Manager</i>	36 Years/ PGDCM from IIM Calcutta	Mr. Anirvan Sarkar has over 9 years of experience in sell side and buy side research. He has covered the banking and financial sector for 6 years as well as multiple other sectors prior to that. He has a very strong research background and has sound knowledge of equity markets
Mr. Ashish Aggarwal <i>Associate Fund Manager</i>	39 Years /BE, PGPM	Ashish Aggarwal has 15 years' experience across buy-side and sell-side. He has earlier worked with IL&FS Investsmart, Tata Securities and Antique Stock Broking. He has been working in Principal Asset Management Private Limited since August 2015.

The research team comprising of the following members supports the Fund Manager(s)

Sr. No.	Name	Experience
Equity		
1.	Mr. Siddarth Mohta	Over 15 years of experience as an Equity Analyst/Finance Manager
2.	Mr. Anirvan Sarkar	Over 11 years of experience in equity research, focusing on BFSI for the last 4+ years.
3.	Mr. Ashish Aggarwal	Over 15 years of experience in Equity Research. Out of this, for 11 years worked with Sell Side including IL&FS Invest smart and Tata Securities.
4.	Mr. Jimesh Sanghavi	Over 15 years' experience as an Equity Research Analyst handling multiple sectors.
5.	Mr. Nikunj Gala	Over 8 years' experience as an Equity Research Analyst.
Debt		
1.	Mr. Gurvinder Singh Wasan	Over 16 years of experience in Banking and Structured Finance research function. In addition to his responsibilities as Fund Manager in the Fixed Income area he also does Credit Research for the fund.

Procedure followed for Investment decisions

There is separate team for investment in fixed income instruments & equities. The team works under the supervision of Chief Investment Officer (CIO). CIO is overall in charge for the Fund's investment.

Debt – Decision making process:

The debt team comprises of the Head- Fixed Income, Fund Managers, Credit Analyst & Dealer. Scheme wise responsibilities are allocated to the Fund Managers who are responsible for the performance and risk management of the schemes under his/her management. Role of Credit Analysts is to analyze and monitor credit risk of all companies in which the fund is investing or propose to invest. The dealer executes the trading mandates and enters deals in system and liaisons with back office and brokers. He also in consultation with fund managers deploys day to day cash surpluses and takes care of liquidity requirements of all schemes. A Committee comprising of Managing Director, Chief Investment Officer (CIO), Chief Financial Officer and Debt Fund Managers has been constituted to approve the companies/issuers carrying credit risk. The investment proposals in specified format are put up before the committee for their approval. The Fund Managers can invest only in those credits that have been approved by the Committee. Such approvals are kept to record the decision taken at the credit committee meeting. In case of unrated papers, same are

circulated to AMC board and Board of Trustees for their approval before making an investment. No specific approval is required for investment in government securities and Treasury Bills.

Equities – Decision making process:

Equity team comprises of Head – Equity, Fund Manager, Equity Analysts & Dealer. The Fund Manager holds charge of the schemes under his management. He is responsible for the performance of the schemes under him. Analysts have responsibilities for specific sectors and it is their duty to provide the fund managers with well researched opinions on the companies and the sectors they track. The dealer executes the trading mandates that are passed onto him with a view to getting the best execution in terms of price and quantity. The analysts/fund managers meet companies, if possible at one on one meetings or at analyst/fund manager meets. Equity group meets once a week to discuss the following;

1. Presentations on all the companies met during the past week;
2. Review of the portfolio and action to be taken
3. Review of the sectors by the analysts.

The analysts/fund manager prepares a report (research report) on the companies they have covered.

E. SERVICE PROVIDERS

Custodian

Name: SBI-SG Global Securities Services Private Limited (SBI-SG)

Address: Jeevan Seva Annexe, LIC Complex, S V Road, Santacruz (West), Mumbai-400 054

SEBI registration number: IN/CUS/022

The Custodian shall hold the custody and possession of the securities and investments of the scheme and will discharge all functions as are ordinarily discharged by a depository institution. It does not have any power or authority to sell or dispose of or deal with the securities/investments held by it on behalf of the Fund except as instructed by the AMC and permissible regulations in this regard.

The AMC reserves the right to change the custodian, if required.

The salient features of the Custodian Agreement with SBI-SG are as under:

- Keeping in safe custody all the securities and such other instruments belonging to the Scheme segregated from the other assets of the custodian and from the assets of other clients of the Custodian and shall be held in the name of the Trustee(s) a/c., or in such other manner as may be mutually agreed.
- Ensuring the smooth inflow/outflow of securities and such other instruments as and when necessary, in the best interests of the unitholders.
- Ensuring that the benefits due to the holdings are recovered.
- Responsibility for loss of /or damage to the securities due to fraud, bad faith, negligence, willful neglect, default or willful default on its part or on the part of its approved agents.

The Custodian will charge the Fund a fee in accordance with the terms of the Custodian Service Agreement entered into between the Custodian and the Mutual Fund.

Registrar & Transfer agent and Dividend Paying Agent

Name: KFin Technologies Pvt. Ltd

Address: KFin Technologies Pvt. Ltd(Unit: PMF)Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal | Hyderabad - 500032

SEBI registration number: INR000000221

The Board of the Trustees and AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching statement of account to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. As Registrar to the Scheme, the Registrar will accept and process unitholders applications and advise the AMC as to the

amounts received for subscriptions (duly reconciled) during the New Fund Offer period and also during the ongoing subscription period. They will also handle communications with unitholders, unitholder's grievances, perform data entry services and dispatch Account Statement, or any instrument, received on processing redemption/repurchase/switch requests after the close of the initial offer, and/or such other activities as may be deemed appropriate by AMC. They will also maintain an updated, accurate form for the register of unitholders of the Fund and other records as may be required by SEBI Regulations and the laws of India.

The Registrar is thus responsible for carrying out the functioning as Registrar and Transfer Agent set out in the agreement entered into with it and as per any modifications from time to time. The Registrar will be entitled to remuneration for its services as per the terms of the Registrar's Agreement. The AMC has the right to change the Registrar and Transfer Agent for any or all of the schemes that may be floated by the Fund. The unitholders will then be informed accordingly.

AMC may engage other service providers for carrying out such other activities as may be deemed appropriate from time to time.

STATUTORY AUDITOR FOR MUTUAL FUND

B S R & Co. LLP

Address: 5th Floor, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Andheri Kurla Road, Mumbai 400 011

B S R & Co. LLP have been appointed as the auditors for all the schemes of Principal Mutual Fund.

Legal Counsel

The Fund has an in-house Legal function. However, as and when required opinion or advice is sought from external legal counsel/law firm.

Fund Accountant

Fund Accounting function has been outsourced to SBI-SG Global Securities Services Private Limited (SBI-SG), the address of whom is stated here below:

Jeevan Seva Annexe, LIC Complex, S V Road, Santacruz (West), Mumbai-400 054

Collecting Bankers (For New Fund Offer)

Name, Address and SEBI Registration Number

Name of the Collecting Banker	Address	SEBI Registration No
Punjab National Bank	PNB House, P.M. Road, Fort, Mumbai 400001	INBI00000084
IDBI Bank Limited	Mittal Tower, 'C' Wing, Gr. Floor, Nariman Point, Mumbai 400021	INBI00000076
Kotak Mahindra Bank Limited	5C/II Mittal Court, 224, Nariman Point, Mumbai- 400 021	INBI00000927
Standard Chartered Bank	270, D N Road, Fort, Mumbai 400001.	INBI00000885
Citibank N.A.	Fort House, 4th Floor, Unit No. 1, 224, Dr. D.N. Road, Fort, Mumbai 400 001.	INBI00000037
HDFC Bank Ltd.	Maneckjiwadia Building, Nanik Motwani Marg, Mumbai 400 023.	INBI00000063
Axis Bank Ltd.	3 rd Floor, Trishul, Opp. Samaratheswar Temple, Law Garden, Ellis Bridge, Ahmedabad 380006	INBI00000017

The AMC may appoint or remove any Collection Banker for any of the schemes of Principal Mutual Fund.

SECTION II- Condensed Financial Information (CFI) for all the schemes launched by MF during the last three fiscal years (Excluding redeemed schemes):

1. Principal Small Cap (An open ended equity scheme predominantly investing in small cap stocks)
Date of Inception: May 13, 2019

Historical Per Unit Statistics	Fiscal Year 2019-2020			
	Regular		Direct	
	Monthly Dividend	Growth Option	Monthly Dividend	Growth Option
NAV at the beginning of the year (as on April 1)	10.0000	10.0000	10.0000	10.0000
NAV at the end of the year (as on March 31)	7.87	7.8700	8.0000	8.0000
Scheme Return (Annualised **)\$		-21.30		-20.00
Scheme Benchmark	Nifty Small Cap 100 TRI Index			
Scheme Benchmark Returns		-40.17		-40.17
Standard Benchmark	Nifty 50 TRI			
Standard Benchmark Returns		-21.84		-21.84

2. Principal MidCap Fund (An open ended equity scheme predominantly investing in mid cap stocks)
Inception Date : 30-Dec-2019

Historical Per Unit Statistics	Fiscal Year 2019-2020			
	Regular		Direct	
	Monthly Dividend	Growth Option	Monthly Dividend	Growth Option
NAV at the beginning of the year (as on April 1)	10.0000	10.0000	10.0000	10.0000
NAV at the end of the year (as on March 31)	7.87	7.8700	8.0000	8.0000
Scheme Return (Annualised **)\$		-21.60		-23.30
Scheme Benchmark	Nifty Midcap 100 TRI Index			
Scheme Benchmark Returns		-31.16		-31.16
Standard Benchmark	Nifty 50 TRI			
Standard Benchmark Returns		-29.62		-29.62

** For Growth Option. Returns less than one year are calculated on absolute basis and more than one year calculated on compounded annualized basis on the face value of Rs.10/- per unit.

\$Absolute returns are calculated for Principal Arbitrage Fund as the scheme has not completed one year.

SECTION III. HOW TO APPLY?

There is only one application form for Residents, Non-Resident Investors and FIIs on repatriable / non-repatriable basis. However, if for reasons of expediency, interest of unitholders and other circumstances make it necessary for the Fund, separate application forms may be made for Residents and for Non-Resident Investors (based on repatriation parameters). Applicants should clearly specify their status and indicate the Scheme(s), Plan(s) and Option(s), for which the subscription is made by marking the appropriate choice provided for such purpose in the Application Form. Unless the applicant has ticked the appropriate NRI box, the application shall be treated under Resident category.

No receipt will be issued for the application money. The Official Point of Acceptance which receives the application form shall stamp and return the “Acknowledgement Slip” of the application form, thereby acknowledging receipt of the application form.

KINDLY RETAIN THE ACKNOWLEDGEMENT SLIP OF THE APPLICATION FORM/STAMPED BY THE OFFICIAL POINT OF ACCEPTANCE. THIS SUBSCRIPTION SHALL BE SUBJECT TO FINAL VERIFICATION AND SCRUTINY BY THE BANKERS/TRUSTEES/AMC THAT THE CHEQUE AND APPLICATION FORM ARE IN ORDER/VALID.

As per the requirements of the U.S. Securities and Exchange Commission (SEC), persons falling within the definition of the term “U.S. Person” under the US Securities Act of 1933 and corporations or other entities organized under the laws of U.S. are not permitted to make investments in securities not registered under the Securities Act of 1933. [The term “US Person” means any person that is a United States person 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.].

The schemes of Principal Mutual Fund are presently not registered under the relevant laws, as applicable in the territorial jurisdiction of United States of America.

In view of the same, the Units made available under the schemes, may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in U.S. or to or for the benefit of the residents thereof. Accordingly, the persons, corporations and other entities organized under the applicable laws of the U.S. will not be permitted to make any fresh purchases/additional purchases/switches in any schemes of PMF, in any manner whatsoever.

The schemes are also not registered in any provincial or territorial jurisdiction in Canada as per the local applicable laws and Units of the schemes have not been qualified for sale in any Canadian jurisdiction under the applicable securities laws.

Hence, the Units made available under the schemes, may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada or to or for the benefit of residents thereof. Accordingly, the persons, corporations and other entities organized under the applicable laws of the Canada will not be permitted to make any fresh purchases/additional purchases/switches in any Schemes of PMF, in any manner whatsoever.

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 PMF.

Subscription by Residents

- The application form for the sale of units of the Scheme(s) will be available at Official Point of Acceptance of Transactions/ISC/Office of the AMC etc. Unitholders under any of the existing scheme(s) can also switch from one scheme to another during the relevant NFO or otherwise as applicable;
- Applications must be completed in Block Letters in English; and any overwriting /cancellation should be countersigned by the applicants, failing which the application shall be liable to be rejected;
- Signatures should be in English or in any Indian Language. A Magistrate/ Notary Public under his/her official seal must attest Thumb impressions;

- In line with AMFI Best Practice Guideline Circular No.16/2010-11 dated August 2010, the Mutual Fund shall not accept any third party payment w.e.f. November 15, 2010;
- Payment should be made in cheque or bank draft on any bank, which is situated at and is a member of the Bankers' Clearing House, located at the place where the Application is submitted.
- Where the investor is desirous of investing in multiple schemes, through a single payment instruction / instrument, the payment instruction/ instrument must be drawn in favour 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 in the application form. 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. In case the Fund has separate application forms for Resident & Non-Resident Investors, the cheques may be drawn in the above manner and the Non-Residential status may be added on the cheque;
- Applicants located in a place where there is no designated Official Point of Acceptance, may send their application, accompanied with a separate bank draft crossed "Account Payee only" in favour of **the Name of the Scheme of Principal Mutual Fund** to the office of the AMC/Investor Service Centre/Official Point of Acceptance super scribing the envelope with the **Name of the Scheme of Principal Mutual Fund**. Out station Demand Draft that are not payable at par at the concerning OPT where the application form is submitted will not be accepted;

In order to prevent fraudulent practices, Investors are urged to make the payment instrument (cheque / Demand draft / Pay Order etc.) favoring "XYZ Scheme A/c. First Investor Name" OR "XYZ Scheme A/c. Permanent Account Number" OR "XYZ Scheme A/c. Folio Number";

- Applications not complete in any respect are liable to be rejected;
- Please state the application form number, PAN and Name on the reverse of the Payment Instrument.

Allotment of Units in Demat Mode –

Investors have an option to subscribe to the units of the Scheme (including SIP) in Demat Mode also. Applicant who wishes to apply for allotment of units in electronic form (including SIP) must have a demat account with National Securities Depository Limited or Central Depository Services (India) Ltd. prior to making the application

Further, 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.

Subscription by NRIs

In terms of Schedule 5 of Notification No. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to NRIs to purchase, on a repatriation basis units of domestic mutual funds. Further, the general permission is also granted to NRIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification.

For the purpose of this section, the term "Mutual Funds" is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961.

However, NRI investors, if so desired, also have the option to make their investment on a non-repatriable basis. Pursuant to A.P.(DIR Series) Circular No.14 dated September 16, 2003 issued by Exchange Control Department, Reserve Bank of India, OCBs shall not undertake purchase of Government dated securities or treasury bills or units of domestic mutual funds or units of Money Market Mutual Funds in India or National Plan / Savings Certificates both on repatriation and non - repatriation basis. However, the OCBs may continue to hold these securities till they are sold.

Subscription by FIIs

In terms of Schedule 5 of Notification No. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to a registered FII to purchase on a repatriation basis units of domestic mutual funds subject to the conditions set out in the aforesaid notification. Further, the general permission is also granted to FIIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification. For the purpose of this section, the term "Mutual Funds" is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961.

Mode of Payment on Repatriation basis NRIs

In case of NRIs and persons of Indian origin, payment may be made by way of Indian Rupee drafts purchased abroad and payable at Mumbai or by way of cheques drawn on Non-Resident (External) (NRE) Accounts payable at par at Mumbai. Payments can also be made by means of rupee drafts payable at Mumbai and purchased out of funds held in NRE/FCNR Accounts. In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

FIIs

FIIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the FII with a designated branch of an authorized dealer with the approval of the RBI subject to the terms and conditions set out in the aforesaid notification.

All cheques/drafts should be made out in favour of the Name of the Scheme of Principal Mutual Fund and crossed "Account Payee Only". In case Indian Rupee drafts are purchased abroad or from FCNR/NRE A/c, an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

Mode of payment on Non-Repatriation basis

In case of NRIs/ Persons of Indian origin seeking to apply for Units on a non -repatriation basis, payments may be made by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/Non-Resident Special Rupee (NRSR) accounts and Non Resident Non-Repatriable (NRNR) accounts payable at the city where the Application Form is accepted.

Refunds, interest and other distribution (if any) and maturity proceeds/ repurchase price and/or income earned (if any) will be payable in Indian Rupees only. The maturity proceeds/repurchase value of units issued on repatriation basis, income earned thereon, net of taxes may be credited to NRE/FCNR account (details of which should be furnished in the space provided for this purpose in the Application Form) of the non-resident investor or remitted to the non-resident investor. Such payments in Indian Rupees will be converted into US dollars or into any other currency, as may be permitted by the RBI, at the rate of exchange prevailing at the time of remittance and will be dispatched through Registered Post at the unitholders risk. The Fund will not be liable for any loss on account of exchange fluctuations, while converting the rupee amount in US dollar or any other currency. Credit of such proceeds to NRE/FCNR account or remittance thereof may be permitted by authorized dealer only on production of a certificate from the Fund that the investment was made out of inward remittance or from the Funds held in NRE/FCNR account of the investor maintained with an authorized dealer in India. However, there is no objection to credit of such proceeds to NRO/NRSR account of the investor if he so desires.

Subscription by Multilateral Funding Agencies, on full repatriation basis, is subject to approval by the Foreign Investment Promotion Board.

Kindly note that neither this Statement of Additional Information; nor the Scheme Information Document, nor the Application for the Units, nor the Units ("these Documents") have been registered in any jurisdiction. The distribution of these Documents in certain jurisdictions may be prohibited or restricted or subject to registration requirements and accordingly, persons who come into possession of any of these Documents are required to inform themselves about and to observe, any such restrictions. No person receiving a copy of any of these Documents in

such jurisdiction may act or treat these Documents as constituting an invitation to him to subscribe for Units, nor should he in any event use any such Documents, unless in the relevant jurisdiction such an invitation could lawfully be made to him and such Documents could lawfully be used without compliance with any registration or other legal requirements. Accordingly, none of these Documents constitute an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to any one to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of any of these Documents and any persons wishing to apply for Units pursuant to these Documents to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

Any suspension or restriction of repurchase/redemption facility under any scheme of the mutual fund shall be made applicable only after the approval from the Board of Directors of the AMC and the Trustees.

SUSPEND REDEMPTION OF THE UNITS

The Fund at its sole discretion reserves the right to restrict Redemption/ switch-out of the Units (including Plan / Option) of the Scheme(s) of the Fund for a period of time not exceeding ten (10) working days in any ninety (90) days period upon occurrence of the below mentioned events, subject to approval of the Board of Directors of the AMC and the Trustee. No restriction on Redemption/ switch out shall be applicable to the Redemption/ switch-out request upto INR 2,00,000/- (Rupees Two Lakhs). In cases where the redemption request is beyond INR 2,00,000/- (Rupees Two Lakhs), no restriction shall be applicable on first INR 2,00,000/- (Rupees Two Lakhs). The AMC shall redeem/ switch out the first INR 2,00,000/- (Rupees Two Lakhs) and the remaining amount shall be subject to such restriction. It is to be noted that such restriction on redemption/ switch- out should apply only during excessive large redemption requests that could arise in overall market crisis situations and illiquidity is caused in almost all securities affecting the market at large.

The Trustee / AMC reserves the right to restrict Redemption or suspend Redemption of the Units in the Scheme(s) of the Fund on account of circumstances leading to a systemic crisis or event(s) that severely constricts market liquidity or the efficient functioning of the markets such as: -

1. Liquidity issues: when market at large becomes illiquid affecting almost all securities rather than any issuer specific security;
2. Market failures / Exchange closures: when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies;
3. Operational issues: when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).
4. Any other circumstances as may be notified by SEBI/ AMFI or such circumstances where the approval from SEBI and Trustees/ AMC is obtained.

Any restriction on Redemption or suspension of Redemption of the Units in the Scheme(s) of the Mutual Fund shall be made applicable only after specific approval of the Board of Directors of the AMC and Trustee Company and thereafter, immediately informing the same to SEBI.

SUSPENSION OF SALE/ SWITCH-IN OF THE UNITS:

The AMC reserves the right in its sole discretion to withdraw the facility of Sale and Switching Option of Units into the Scheme(s) (including any one Plan / Option of the Scheme), temporarily or indefinitely. If AMC views that enhancement in the size of the corpus further may prove detrimental to the existing unit holders of the Scheme. Approval of the Board of AMC and Trustee Company shall be obtained prior to such suspension

Unit holder's Bank Account Details

Unit holders are on a mandatory basis required to mention their bank account details in their applications/requests for redemption. Redemption Cheques and/or any other instruments will then be made out in favour of the Bank for crediting the respective unit holder's account so specified. The normal processing time may not be applicable in situations where complete and correct details are not provided by unit holders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/loss in transit.

Third Party Payments for subscription of Units

Applications for subscription in Schemes of Principal Mutual Fund shall not be accepted when accompanied with *Third Party payments, except in the following 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 Rs. 50,000/- (each regular purchase or per SIP installment). However, this limit of Rs 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 Plan(s) or lump sum payment/one time subscription through Payroll deductions or deductions out of expense reimbursements;
- Custodian on behalf of FII or a client; and
- Payment of 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/lump sum/one time subscription.
- 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.

*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 stated above, following 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 (Guardian in case of Minor) 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(s). (Declaration Format shall be available at any of our Investor Service Centre or on www.principalindia.com)

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). Investor shall also have the facility to register multiple bank accounts as detailed in the section 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) **Pay Order, Demand Draft, 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) **Pay Order, Demand Draft, Banker's Cheque and the like issued against cash by the Bank [for an investment amount less than Rs.50,000/- only]:** Certificate from the Banker giving name, address 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.

In any instance, 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 "XYZ Scheme A/c. First Investor Name" OR "XYZ Scheme A/c. Permanent Account Number" OR "XYZ Scheme A/c. Folio Number".

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 - KFin Technologies Private Limited, will be relied upon and used for such payments. It is clarified that in case of Change of Bank Account along with Redemption application submitted by the Investor, the redemption proceeds shall be credited to the said bank account only if it is a registered bank account in the records of R&T.

Change in Bank Mandate

1. Updation of Bank Account in Customer's Folio shall be either through "Multiple Bank Account Registration Form" or a standalone separate "Change of Bank Mandate Form";
2. In case of standalone change of bank details, documents as entailed below should be submitted as a proof of new bank account details. Based on PAMC's internal risk assessment, PAMC may also consider collecting proof of old bank account and proof of identity of the clients, while effecting the change of bank account;
3. Customers are advised to register multiple bank accounts and choose any of such registered bank accounts for receipt of redemption proceeds;
4. Any unregistered bank account or new bank account forming part of redemption request shall not be entertained or processed;
5. Such Investors, who have not already provided bank mandate at the time of making investment, are required to submit proof of new bank account details as entailed here below. Such Investors are also required to submit valid Proof of Identity as prescribed under KYC guidelines along with Proof of Investment; and
6. Any change of Bank Mandate request received/processed few days prior to submission of a redemption request or on the same day as a standalone change request, PAMC will continue to follow cooling period upto 10 calendar days for validation of the same.

Investors are required to submit any one of the following documents in Original or produce originals for verification or copy attested by the Bank –

New Bank Account Registration

- Cancelled original cheque of new bank mandate with first unitholder name and bank account number printed on the face of the cheque; OR
- Self - attested copy of bank statement; OR
- Bank Passbook with current entries not older than 3 months; OR
- Letter from the bank on its letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager/authorised personnel.

AND Proof of Identity as prescribed under KYC guidelines along with Proof of Investment - only for such investors who have not registered their bank mandate at the time of making investment.

Change in Existing Bank Mandate

- Cancelled original cheque with first unitholder name and bank account number printed on the face of the cheque; OR
- Original bank account statement or pass book; OR
- Original letter issued by the Bank on the letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager; OR
- In case such Bank account is already closed, a duly signed and stamped original letter from such bank on the letter head of bank, confirming the closure of said account.

Transactions through Stock Exchange Mechanism

All the open ended scheme(s) [except Direct Plan and Sweep facility under Dividend Option of Regular Plan] have been admitted on the order routing platform of NSE i.e. Mutual Fund Service System (MFSS) and BSE i.e. BSEStAR MF platform, enabling investors to submit applications for subscription and redemption there under.

Details pertaining to transactions through MFSS and BSEStAR, has been provided in the Scheme Information Document of the respective Schemes.

KTRACK Facility

In addition to the existing investor service centers and other modes of investment, investors / unit holders of Principal Mutual Fund ('the Fund') are allowed to transact in schemes of the Fund through www.karvymfs.com, an

electronic platform provided by KFin Technologies Private Limited, Registrar & Transfer Agent of the Fund ('Karvy'). The facility to transact in schemes is also available through mobile application of Karvy i.e. 'KTRACK'.

The uniform cut off time as prescribed under the SEBI (Mutual Funds) Regulations, 1996 and as mentioned in Scheme Information Documents ('SIDs')/ Key Information Memorandums ('KIMs') of respective schemes of the Fund will be applicable for transactions received through Karvy's electronic platforms and the time of receipt transaction recorded on the server of Karvy will be reckoned as the time of receipt of transaction for the purpose of determining applicability of NAV, subject to credit of funds to bank account of scheme(s), wherever applicable.

The facility to transact in eligible schemes of Principal Mutual Fund through Karvy's electronic platforms is available subject to such operating guidelines, terms and conditions as may be prescribed from time to time by Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited), Principal Trustee Company Pvt. Ltd, KFin Technologies Private Limited and other applicable laws for the time being in force.

For operating guidelines, terms and conditions, registration form and further details, investors/ unit holders are requested to visit www.karvymfs.com.

Electronically:

Investor can also subscribe to the Units of the Scheme through the website of the AMC i.e. www.principalindia.com or through the mobile application i.e. PMFInvest.

Transactions through MF Utilities India Private Limited

Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) has entered into an Agreement with **MF Utilities India Private Limited ("MFUI")**, a "Category II – Registrar to an Issue" under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of **MF Utility ("MFU")** - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.

Investors are requested to note that, MFUI will allot a **Common Account Number ("CAN")**, a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the MFUI POS. The AMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU. Investors are requested to visit the websites of MFUI or the AMC to download the relevant forms.

Accordingly, all financial and non-financial transactions pertaining to the schemes of Principal Mutual Fund ("the Fund") can be done through MFU either electronically on www.mfuonline.com as and when such a facility is made available by MFUI or physically through the authorized **Points of Service ("POS")** of MFUI with effect from the respective dates as published on MFUI website against the POS locations. The list of POS of MFUI is published on the website of MFUI at www.mfuindia.com as may be updated from time to time. The Online Transaction Portal of MFU i.e. www.mfuonline.com and the POS locations of MFUI, as updated from time to time, will be in addition to the existing Official Points of Acceptance ("OPA") of the AMC.

Investors are requested to note that, for applications / subscriptions received through the MFU platform, there may be a time-gap between the credit of funds to MFU Bank Account and that to the Fund Bank Account. The time of credit to the Fund Bank Account shall be considered for the NAV applicability. The uniform cut-off time as prescribed by SEBI and as mentioned in the SID / KIM of respective schemes shall be applicable for applications received on the portal of MFUI i.e. www.mfuonline.com. However, investors should note that transactions on the MFUI portal shall be subject to the eligibility of the investors, any terms & conditions as stipulated by MFUI / the Fund / the AMC / SAI and SID/KIM of the respective schemes of the Fund, from time to time and any law for the time being in force.

For any queries or clarifications related to MFU, please contact the Customer Care of MFUI on 1800-266-1415 (during the business hours on all days except Sunday and Public Holidays) or send an email to clientservices@mfindia.com.

Additional Mode of Payment through Applications Supported by Blocked Amount (ASBA)

As defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 “Application Supported by Blocked Amount (ASBA)” means an application for subscribing to a public issue or rights issue, along with an authorization to Self-Certified Syndicate Bank (‘SCSB’) to block the application money in a bank account.

SEBI vide its Circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010, extended the ASBA facility to the investors subscribing to New Fund Offers of Mutual Fund Schemes. The ASBA facility shall co-exist with the current process, wherein cheques / demand drafts are accepted by Mutual Funds as a mode of payment for subscription.

Features of ASBA:

- If an investor is applying through ASBA, his/her application money shall be debited from the bank account only if units are allotted to him/her.
- The investor does not have to bother about refunds, as in ASBA, application money is taken from the bank account only on allotment of units.
- The investor continues to earn interest on the application money as the same remains in the bank account, which is not the case in other modes of payment.

Self Certified Syndicate Bank means a banker (SCSB) to an issue registered with SEBI, which offers the facility of ASBA. The SCSB shall identify its Designated Branches (DBs) at which as ASBA investor shall submit ASBA and shall also identify the Controlling Branch (CB) which shall act as a co-coordinating Branch for the Registrars.

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA are provided at <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSB collecting the ASBA Form, please refer the above mentioned SEBI link.

The detailed instructions for applications through ASBA shall be mentioned in the KIM / Application Form to the NFO of the Scheme(s) that may be launched from time to time.

Mutual Fund, AMC and Trustees shall not be liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this document. Further, the Mutual Fund, AMC and Trustees shall not be responsible for any acts, mistakes, errors, omissions and commissions etc. in relation to the ASBA accepted by SCSBs, application details uploaded by SCSBs, application details accepted but not uploaded by SCSBs or application accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications specified by SCSBs, the application Amount has been blocked in the relevant ASBA Account.

Know Your Customer Requirement

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 Rs 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.

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, effective January 1, 2012, 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.

Accordingly, PAN & KYC are mandatory for all financial transactions (including redemption, switches and all type of systematic plans).

All Investors who are not KYC Compliant are required to use the Common KYC Application Form to apply for KYC process and are also required to mandatorily undergo In Person Verification (IPV) with any of SEBI registered Intermediaries including Mutual Funds. Common KYC Application form is available on AMFI website - www.amfiindia.com, our website - www.principalindia.com and/or at any of our Official Points of Acceptance of Transactions (OPT).

With respect to Mutual Funds, IPV can be conducted by AMCs or by any Know Your Distributor (KYD) compliant Mutual Fund Distributor who holds AMFI / NISM certification. Further, for applications received directly by Mutual Fund, IPV carried out by Scheduled Commercial Banks, also shall be relied upon by the Mutual Fund.

In case of a Investor who is not KYC compliant and wishes to transact in schemes of Principal Mutual Fund (PMF), he/she is required to submit a duly completed and signed Common KYC Application Form along with all the necessary documents as mentioned in the said form to Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) (the AMC) at any of its OPT. The AMC shall upload the details of such Investors on the system of the KYC Registration Agency (KRA). Registrar and Transfer Agents (RTA) of a Mutual Fund may also undertake the KYC of an investor on behalf of an AMC. KRA shall send a letter to such Investors within 10 working days of the receipt of the initial/updated KYC documents from AMC, confirming the details thereof.

The Investor upon completing such KYC requirements (including IPV) through any one of the SEBI registered intermediary will not be required to undergo KYC process again with such other intermediaries, including Mutual Funds. However, the 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 reserve 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.

Investors who have completed the KYC requirements prior to January 1, 2012 can continue to transact with Mutual Funds as per the current practice. However, in case such Investor wishes to transact with other SEBI registered intermediaries, such existing investors shall be required to comply with the prevailing KYC requirements including IPV as mandated by SEBI.

KYC is one time exercise while dealing in securities markets - once KYC is done through a SEBI registered intermediary (broker, DP, Mutual Fund etc), investor need not undergo the same process again while approaching another intermediary

Documents to be submitted along with application

In addition to documents specified under the section titled 'KYC Requirement', below mentioned documents should be submitted.

In case of applications under Power of Attorney

If any application or any request for transmission is signed by a person holding a valid Power of Attorney, the original Power of Attorney or a certified copy duly notarized should be submitted with the application or the

transmission request, as the case may be unless the Power of Attorney has already been registered with the Fund/Registrar.

In the case of applications by limited Company, a corporate body, an eligible institution, a registered society, a Trust, a Fund, or an FII etc.

In the case of applications by limited company, a corporate body, an eligible institution, a registered society, a trust, a Fund, or a FII, a certified true copy of the Board resolution of the Managing Body authorizing investments in Units including authority granted in favour of the officials signing the application of Units and their specimen signature etc. along with a certified copy of the Memorandum and Articles of Association and/or bylaws and/or trust deed and/or partnership deed and Certificate or Registration should be submitted. The officials should sign the application under the official designation. In the case of a trust/fund, it shall produce a resolution from the Trustee(s) authorizing purchases. The above mentioned documents or duly certified copy thereof must be lodged with the Official Point of Acceptance where the application form has been submitted simultaneously with the submission of the Application form. All NRI applications by mail should be sent to the address(es) of the AMC/Investor Services Centres/Official Point of Acceptance of Transactions along with the relevant foreign inward remittance certificates to indicate the status of the Account debited and the relevant approvals if required. In case of non - submission of the above mentioned documents, the AMC is entitled, in its sole and absolute discretion, to reject or accept any application. Besides, the normal processing time may not be applicable in situations where such documents/details are not provided by unitholders. The AMC will not be responsible for any loss arising out of non-allotment/ rejection of such application. It is expressly understood that the investor/ unitholder has the express authority from the relevant constitution to invest in units of the Fund and the AMC/Trustee/Fund would not be responsible if the investment is ultra vires the relevant constitution.

Change in Address

Investors / unitholders who may desire to change their address, shall submit the self- attested copies of the below mentioned documents along with a duly filled in 'Change of Address Form'.

1. KYC not complied folios (to be submitted at Investor Service Centre of PAMC*)

- Proof of new Address
- Proof of Identity (in case of PAN updated folios - only PAN card copy shall be accepted, and in other case PAN/other valid proof of identity shall be accepted)
- Based on PAMCs internal risk assessment, PAMC may also consider collecting proof of old address, while effecting change of address

2. KYC complied folios (to be submitted at KRA point of service*):

- Proof of new Address
- Any other document/form that the KYC Registration Agency (KRA) may specify from time to time.

Copies of all documents submitted by the Investors should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested/ verified by entities authorised for attesting / verification of the documents as per KYC guidelines.

*List available on our website www.principalindia.com

Central Know Your Customers (CKYC)

In line with AMFI Best Practices Guidelines Circular No.68/2016-17 dated December 22, 2016 on Uniform implementation of CKYC by Mutual Fund/ AMCs, while onboarding a new individual investor, for those investors whose KYC is not registered or verified in the KRA system, the AMC shall use new CKYC Form to conduct and register the KYC of the investor.

In case the investor uses the old KRA KYC form, the investor is required to provide the additional information using a 'Supplementary CKYC Form' or to fill the new 'CKYC Form'

In case the new investors have completed CKYC and quote KYC Identification Number (KIN) in their application forms, AMC shall use the KIN provided by the customer to download KYC information from CKYCR system and update the records. AMC is also required to check that in case the investor has not updated the PAN details in the CKYC system, self-certified copy of the PAN card is required to be obtained and uploaded in the CKYC system. Accordingly, investors may be requested to provide the same.

The new CKYC forms have been uploaded on the AMC Website-<http://principalindia.com>

Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number:

Investors are requested to note that the Ministry of Finance (Department of Revenue) in consultation with the Reserve Bank of India has made certain amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, namely, the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017. These Rules have come into force with effect from June 1, 2017. These Rules, inter alia, make it mandatory for investors to submit Aadhaar number issued by the Unique Identification Authority of India (UIDAI) in respect of their investments.

Accordingly, investors are requested to note the following requirements in relation to submission of Aadhaar number and other prescribed details to Principal Mutual Fund/its Registrar and Transfer Agent/ Asset Management Company (“the AMC”):

- i. Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. Where the Aadhaar number has not been assigned to an investor, the investor is required to submit proof of application of enrolment for Aadhaar. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund.

The investor is required to submit PAN as defined in the Income Tax Rules, 1962.

- ii. Where the investor is a non-individual, apart from the constitution documents, Aadhaar numbers and PANs as defined in Income-tax Rules, 1962 of managers, officers or employees or persons holding an attorney to transact on the investor’s behalf is required to be submitted. Where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar is required to be submitted and in case PAN is not submitted an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.

The timelines for submission of the Aadhaar numbers:

Investors are requested to note that pursuant to the direction issued by Hon’ble Supreme Court on March 13, 2018 in Writ Petition (Civil) no. 494/ 2012, the last date for mandatory submission of Aadhaar in respect of the existing mutual fund folios / accounts, including accounts / folios opened up to March 31, 2018, as well as accounts / folios to be opened by new customer, has been deferred till further notice. Unitholders are however encouraged to link their Aadhaar to their mutual fund folio(s).

***FOREIGN ACCOUNT TAX COMPLIANCE ACT (‘FATCA’) AND COMMON REPORTING STANDARDS (CRS) REQUIREMENTS:**

The Government of India and the United States of America (US) have reached an agreement in substance on the terms of an Inter- Governmental Agreement (IGA) and India is now treated as having an IGA in effect from April 11, 2014. On similar lines the Organization of economic Development (OECD) along with G-20 countries has

released a 'Standard for Automatic exchange of Financial Account Information in Tax Matters' commonly known as Common reporting Standard ('CRS'). India is signatory to the Multilateral Competent Authority Agreement (MCAA) for the purposes of CRS. Under FATCA/CRS provisions, Financial Institutions are obligated to obtain information about the financial accounts maintained by investors and report to the local Government/ notified tax authorities. In accordance with FATCA and CRS provisions, the AMC / Mutual Fund is required to undertake due diligence process and identify foreign reportable accounts and collect such information / documentary evidences of the FATCA/CRS status of its investors / Unit holders and disclose such information (through its agents or service providers) as far as may be legally permitted about the holdings/ investment returns to US Internal revenue Service (IRS)/any other foreign government or the Indian Tax Authorities, as the case may be for the purpose of onward transmission to the IRS/ any other foreign government pursuant to the new reporting regime under FATCA/CRS.

FATCA/CRS due diligence will be directed at each investor / Unit holder (including joint investor/Unitholder) and on being identified as a reportable person, all the folios will be reported. In case of folios with joint holders, the entire account value of the investment portfolio will be attributable under each such reportable person. An investor / Unit holder will therefore be required to comply with the request of the AMC / Mutual Fund to furnish such information as and when sought by the AMC for the AMC / Mutual Fund to comply with the information reporting requirements stated in IGA/MCAA and circulars issued by SeBI / AMFI in this regard. The information disclosed may include (but is not limited to) the identity of the investors/Unitholder(s) and their direct or indirect beneficiaries, beneficial owners and controlling persons. Investors / Unitholders should consult their own tax advisors regarding FATCA/CRS requirements with respect to their own situation.

The AMC/Mutual Fund reserves the right to reject any application/freeze any folio(s) held directly or beneficially for transactions in the event the applicant/Unitholder(s) fail to furnish the relevant information and/or documentation in accordance with FATCA/CRS provisions and as requested by the AMC/Mutual Fund.

SECTION IV. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. If the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be dispatched to the Unit holder within 10 business days of the Specified Redemption Date/ Subscription Date. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the duly completed Redemption request.
4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
 - whenever required to do so by SEBI, in the interest of the Unit holders.
 - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
 - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :
 - i. a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - ii. the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI. Unitholders are entitled to one vote per unit held on all matters to be voted upon by unitholders.

SECTION V. VALUATION POLICY AND DETERMINATION OF NET ASSET VALUE (NAV)

I. Introduction and Background

The Securities and Exchange Board of India (“SEBI”) has outlined the Investment Valuation Norms and accounting policies under SEBI (Mutual Fund) Regulations, 1996 (“SEBI Regulations”) as amended from time to time. Regulation 25(19) of SEBI Regulations mandate that AMC shall compute and carry out valuation of investments of its mutual fund schemes in accordance with the investment valuation norms specified in the Eighth Schedule of the SEBI Regulations.

The Investment Valuation Norms are defined in Eighth Schedule of Regulation 47, Schedule Eight of SEBI Regulations and various Circulars issued by SEBI from time to time.

SEBI vide their notification dated February 21, 2012 amended Regulation 47 and Schedule Eight of SEBI Regulations to introduce overriding principles in the form of “Principles of Fair Valuation”.

As per the amended notification, Mutual Funds are required to value their investments in accordance with principles of fair valuation so as to ensure fair treatment to all investors including existing as well as investors seeking to purchase or redeem units of mutual funds in all schemes. It states that valuation shall be reflective of the realizable value of securities and shall be done in good faith and in a true and fair manner through appropriate valuation policies approved by the Board of Directors of the Asset Management Company.

In case of any conflict between the principles of fair valuation and valuation guidelines issued by SEBI, the Principles of Fair Valuation shall prevail.

This document contains the broad framework for valuation of securities which shall be followed by Principal Mutual Fund subject to Regulations/Circulars issued by SEBI/AMFI from time to time. Further, any regulatory prescribed modification to the Valuation Policy shall deem to form part of this Valuation Policy.

II. Valuation of Equity Securities, Preference Shares, Equity Warrants etc.

A. Equity Securities:

1. Traded:

On the valuation day, at the last quoted price on the National Stock Exchange (NSE) / Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange.

2. Non-traded /Thinly Traded Equity Securities:

- a) When a security is not traded on any stock exchange for a period exceeding 30 calendar days, it will be treated as non-traded security.
- b) When trading in an equity/equity related security (such as convertible debentures, equity warrants etc.) in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares (all the stock exchanges where the security is listed, may be taken into account), it shall be considered as a thinly traded security

Non-traded/Thinly Traded securities will be valued as follows:

When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE/any other stock exchange will be used, provided such closing price is of a day falling within the previous 30 calendar days.

If the security is not traded for previous 30 days, Valuation shall be made in ‘good faith’ on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount to industry PE) as given below after applying the applicable illiquidity discount

- a) Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:

(i) Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.

(ii) Net worth per share shall again be calculated after taking into account the outstanding warrants and options, and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}.

The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.

- b) Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

- c) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share.

The above methodology for valuation shall be subject to the following conditions:

- i. All calculations as aforesaid shall be based on audited accounts.
- ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- iii. If the net worth of the company is negative, the share would be marked down to zero.
- iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- v. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation

3. *Unlisted Equity Securities:*

If the security is not listed on any of the stock exchanges, it would be considered as unlisted Equity.

An unlisted equity share may be valued at a price using the aforesaid methodology for valuation of Non Traded / Thinly traded security as mentioned in (2) above excepting that the illiquidity discount shall be considered as 15% instead of 10%.

Equity Securities may be valued at a price lower than the traded price or the value derived using the aforesaid methodology, if considered appropriate by the Valuation Committee. Such exception shall be intimated to the investors and also reported to the Board of AMC and Trustees at its periodical meetings.

B. Preference Shares:

a) Traded Securities:

In case the preference shares are qualified as traded then they would be valued as per the valuation guidelines applicable to equity shares.

b) Thinly Traded / Non-Traded / Unlisted Securities:

- i. The non-convertible preference share will be valued at the present value of all the future expected dividend payments and the maturity value, discounted at the expected return on preference shares. The valuation committee will decide upon variables like expected future dividend, expected rate of return etc. on a case to case basis depending on the terms of issue of the preference shares.
- ii. Convertible Preference shares would be valued at the value of the equity share which would be obtained on conversion, further appropriate discount for illiquidity should be applied. The illiquidity percentage will be decided by the Valuation Committee on a case to case basis. Valuation guidelines related to equity shares would be applicable for the valuation of underlying equity shares.

- iii. The valuation committee may in specific cases decide to use a different method for valuation of preference shares by assigning reasons therefor.

C. Equity Warrants:

a) Traded Securities:

In case the warrants are traded separately they would be valued as per the valuation guidelines applicable to equity shares.

b) Thinly Traded / Non-Traded / Unlisted Securities:

- i. In respect of warrants to subscribe for equity shares attached to instruments, the warrants would be valued at the value of the equity share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant.
- ii. Valuation guidelines related to equity shares would be applicable for the valuation of underlying equity shares.
- iii. An appropriate discount for non-tradability of the equity shares shall be deducted to account for the period which must elapse before the warrant can be exercised.

D. Partly Paid up Equity Shares:

Partly paid-up equity shares shall be valued at Underlying Equity price as reduced by the balance call money payable.

E. Futures and Options:

Traded: On the valuation day at the settlement price provided by the respective stock exchanges.

Non Traded: When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange.

F. Rights Entitlement:

- a) Traded : If the Rights entitlement is traded, then the Rights entitlement shall be valued as per the valuation guidelines applicable to equity shares.
- b) Non-Traded : Right entitlements (fully paid and partly paid) will be valued as follows:

Ex-rights price less Rights Offer Price

If the Rights Offer Price is more than Ex-Rights price, then the value of rights will be taken as zero.

- c) If the bid application is submitted and on payment of Rights offer Price, formula as in (b) above will be used for valuation

G. Qualified Institutional Placement – Equity Shares (QIP):

The equity shares allotted through QIP process should be considered on the same lines as the existing listed equity shares and hence should be valued at the market/traded price of the existing listed equity shares.

H. Initial Public Offering (IPO) Allotment:

Securities awaiting listing on account of IPO is to be valued at allotment price.

I. Suspended Security:

- i. In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security.
- ii. If an equity security is suspended for more than 30 days, then the fair valuation of Thinly Traded / Non-Traded Security as above would be applied.

J. Merger / Demerger:

1. On the ex-date of a merger, Valuation of merged entity would be arrived at by summation of previous day's market value of the respective companies prior to merger divided by the entitled quantity of the merged entity
2. Where the merged entity is listed in a recognized stock exchange, then the quoted price of the shares of the merged entity, will be considered for the valuation
3. In case of Demerger, where at least one resultant company is not immediately listed, valuation price will be worked out by using market value [price multiplied by holdings], before demerger reduced for market value of the listed resultant company(s) [quoted price multiplied by holdings in the resultant company(s)] on the 'date of demerger' (referred as "differential price method")
4. In case of a merger / demerger pending listing for more than 30 days and the resultant company has initiated steps for listing, the resultant company/ies shall be valued using the intrinsic value arrived based on the following parameters.

Period	Valuation Methodology
One month from demerger to four months from date of demerger	At a discount of 20% to the price arrived at using the differential price method
Four Months from demerger to Seven months from date of demerger	At a discount of 30% to the price arrived at using the differential price method
Seven Months from demerger to Nine months from demerger	At a discount of 40% to the price arrived at using the differential price method
Over Nine months from date of demerger	Valued using the procedure as used for Unlisted securities

If the resultant company has not initiated steps for listing, then it will be valued using the procedure as used for unlisted securities

K. Buy-back of Securities:

If a company offers to buy-back hundred percent of the shares tendered, then shares will be valued at the price of buy-back and ignoring the market price. Else, market price of the shares will be considered for valuation till formal confirmation of acceptance of shares tendered under the buyback schemes.

If the company

Quantum of shares accepted under buy-back will be accounted as a sale trade.

L. Stock Split/ Face value change:

In case of stock split, the face value of a stock is reduced and proportionately number of shares is increased. The valuation price will be derived on the basis of the closing price before the ex-date and adjusted in proportion of stock split, till the new stock split shares are listed and traded on a stock exchange. The cost of one share will be proportionately adjusted in line with stock split change, to derive the new cost of share. On stock split/face value change, in case the company specifies any regulations/ method for cost bifurcation or valuation the same will be adopted.

M. Securities Lent under Securities Lending Scheme:

The valuation of securities lent under Securities Lending Scheme shall be valued as per the valuation guideline of the respective security as mentioned in this document. The lending fees received for the securities lent out would be accrued in a proportionate manner till maturity of the contract.

N. Indian Depositories Receipts (IDR):

Valuation of IDRs listed on the India Stock Exchange would follow the valuation guidelines adopted for the Listed Indian Equity Shares. In case the IDRs are classified as thinly traded / non-traded, the criteria, as laid above for Listed Indian Equity Shares shall be applied taking into consideration the relevant Company's Balance Sheet.

O. Valuations of Foreign Securities and ADR/GDR:

Foreign securities shall be valued based on the last closing prices at the Overseas Stock Exchange on which the respective securities are listed. If the security is listed in a time zone ahead of ours than the same day's closing price (obtained at 5pm IST) would be used for Valuation. If the security is listed in the time zone behind ours then the previous day's closing price (obtained at 5pm IST) would be used for valuation. When on a particular valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another pre-approved stock exchange will be used.

If a security such as ADR/GDR, etc. are traded in OTC (Over the Counter) market, in such cases closing price (source: Reuters/Bloomberg) in OTC market will be considered for valuation.

When on a particular valuation day, a security has not been traded across pre-approved exchanges or counters as applicable, the last available closing price shall be used, provided such date is not more than thirty days prior to the valuation date. If the same is not available, fair value pricing will be used.

Prices in foreign currency shall be valued in Indian Rupees at the RBI Reference Rate on the date of valuation.

In case of exceptional events in the overseas markets post the closure of the relevant markets, the AMC shall have the right to value the security at a suitable fair value.

The fair value will be decided by the valuation committee on a case to case basis and the reason for deviations will be documented. Valuation committee shall decide the appropriate discount for illiquidity.

P. International Mutual Fund:

International Mutual fund units would be valued at their latest available NAV as on the valuation date and cut-off time.

Prices in foreign currency shall be valued in Indian Rupees at the RBI Reference Rate on the date of valuation.

In case of exceptional events in the overseas markets post the closure of the relevant markets, the AMC shall have the right to value the security at a suitable fair value.

The fair value will be decided by the valuation committee on a case to case basis and the reason for deviations will be documented. Valuation committee shall decide the appropriate discount for illiquidity.

Q. Domestic Mutual Fund:

Mutual Fund Units listed and Traded would be valued at the closing traded price as on the valuation date.

Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units would be valued at the last declared NAV on AMFI website as on the valuation date.

III. Valuation of Fixed Income and related securities

Security level prices provided by Valuation Agencies will be used for Valuation of Money Market and Debt Securities. For arriving at security level pricing, waterfall approach to be followed by Valuation agencies is annexed as **Annexure I** to the policy.

A. Traded security

A money market or debt security shall be considered as traded when, on the date of valuation, there are trades (in marketable lots) in that security on any recognized Stock Exchange or there are trades reported (in marketable lots) on the trade reporting platform of recognized stock exchanges or The Clearing Corporation of India Ltd. (CCIL). In this regard, the marketable lots shall be defined by AMFI, in consultation with SEBI.

Currently, marketable lot as defined by AMFI is as follow:

Parameter	Minimum Volume criteria for marketable lot
Primary	Rs. 25 crores for both Bonds/NCD/CP/CD and other money market instruments
Secondary	Rs. 25 crores for CP/CD, T-Bills and other money market instruments
Secondary	Rs. 5 crores for Bonds/NCD/G-Secs

B. Non-Traded security

A money market or debt security shall be considered as non-traded when, on the date of valuation, there are no trades (in marketable lots) in such security on any recognized Stock Exchange or no trades (in marketable lots) have been reported on any of the aforementioned trade reporting platforms

1. For securities with residual maturity ≤ 30 days:

- a) Securities (including bills purchased under rediscounting scheme and floating rate securities) may be amortized on straight line amortization as long as their valuation remains within $\pm 0.025\%$ band of the price derived from the reference price [reference price shall be the average of the prices provided by valuation agencies (CRISIL or IMACS ICRA or any such other agency appointed by AMFI)]
- b) In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued on yield based amortization on the date of allotment / purchase.
- c) In case there are any subsequent trades in the same security by our schemes with an external counterparty, the security will be valued considering the weighted average yield (of all the trades done during the day) as long as each of the trades are of market lot or more. (if the value of any of the recent trades is less than the market lot, the said trade shall not be considered material enough to cause any change in valuation and shall be ignored).
- d) Securities will be amortized as stated above as long as their valuation remains within $\pm 0.025\%$ band of the price derived from the reference price
- e) In case of amortised value falling outside the above band, the valuation price of the asset may be adjusted in order to bring the said valuation price within the $\pm 0.025\%$ band.

Note : With effect from April 01, 2020 onwards, amortization based valuation shall be dispensed with and irrespective of residual maturity, all money market and debt securities shall be valued as per point no. 2 below (For securities with residual maturity > 30days).

2. For securities with residual maturity > 30days:

Securities (including bills purchased under rediscounting scheme and floating rate securities) will be valued at average of security level prices provided by CRISIL and ICRA or such other agency appointed by AMFI (without any discretionary spread).

In case a new security is purchased (through single or multiple trades) and the prices as mentioned above are not available, then; Securities will be valued at weighted average Purchase Yield on the date of allotment or purchase.

On any valuation day, where the security level price is not provided by valuation agencies or any decision of overruling the security level price of any security, shall be decided by the Valuation Committee. Valuation Committee may consider the inputs from the CIO, Head – Fixed Income and Fund Manager.

If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing.

C. Government Securities (including Treasury Bills, State Development loans (SDL), Cash Management Bills etc.):

Shall be valued basis average of the security level prices provided by valuation agencies.

D. Investments in short-term deposits with banks (pending deployment and towards F&O margin) and repurchase (repo) transactions (including tri-party repo i.e. TREPS):

Shall be valued on cost plus accrual basis.

E. Valuation of securities with Put/Call Options:

The option embedded securities would be valued as follows:

a) Securities with Call Option:

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

b) Securities with Put Option:

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instrument.

c) Securities with both Put and Call Option:

Only securities with put / call options on the same day and having the same put and call option price, shall be deemed to mature on such put / call date and shall be valued accordingly. In all other cases, the cash flow of each put / call option shall be evaluated and the security shall be valued on the following basis:

- i. Identify a 'Put Trigger Date', a date on which 'price to put option' is the highest when compared with price to other put options and maturity price.
- ii. Identify a 'Call Trigger Date', a date on which 'price to call option' is the lowest when compared with price to other call options and maturity price.
- iii. In case no Put Trigger Date or Call Trigger Date ('Trigger Date') is available, then valuation would be done to maturity price. In case one Trigger Date is available, then valuation would be done as to the said Trigger Date. In case both Trigger Dates are available, then valuation would be done to the earliest date.
- iv. If a put option is not exercised by a Mutual Fund when exercising such put option would have been in favour of the scheme, in such cases the justification for not exercising the put option shall be provided to the Board of AMC and Trustees.
- v. Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation.

F. Interest rate Futures (IRF)

Traded: On the valuation day at the settlement price provided by the respective stock exchanges.

Non Traded: When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange.

G. Valuation of OTC derivatives including Interest Rate Swaps (IRS) and market linked debentures:

Prices for all OTC derivatives including Interest Rate Swaps (IRS) and market linked debentures shall be obtained from valuation agencies.

H. Convertible Debentures and Bonds:

In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional should also be factored in.

I. Treatment of Upfront Fees on trades:

- a) Upfront fees on all trades (including primary market trades), by whatever name and manner called, shall be considered by the valuation agencies for the purpose of valuation of the security.
- b) Details of such upfront fees shall be shared by the AMCs on the trade date to the valuation agencies as part of the trade reporting to enable them to arrive at the fair valuation for that date.
- c) For the purpose of accounting, such upfront fees shall be reduced from the cost of the investment in the scheme that made the investment.
- d) In case upfront fees are received across multiple schemes, then such upfront fees shall be shared on a pro-rata basis across such schemes.

J. Valuation of Non-Investment Grade Performing Security (All debt instruments including Money Market Instruments and Deep discount bonds)

- a) A money market or debt security shall be classified as “below investment grade” if the long term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short term rating of the security is below A3.
- b) A money market or debt security shall be classified as “Default” if the interest and / or principal amount has not been received, on the day such amount was due or when such security has been downgraded to “Default” grade by a CRA. In this respect, Mutual Funds shall promptly inform to the valuation agencies and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security.
- c) If the valuation price is not provided by the valuation agencies, such securities shall be valued on the basis of indicative haircuts provided by the valuation agency as per the table given below

Standard haircut provided by AMFI after discussing with Credit Rating agencies for sub-investment grade debt securities

- a. Haircuts for senior, secured securities

Rating/sector	Infrastructure, Real Estate, Hotels, Loan against shares and Hospitals	Other Manufacturing and Financial Institutions	Trading, Gems & Jewellery and Others
BB	15%	20%	25%
B	25%	40%	50%
C	35%	55%	70%
D	50%	75%	100%

- b. Haircuts on subordinated and unsecured (or both) securities

Rating/sector	Infrastructure, Real Estate, Hotels, Loan against shares and Hospitals	Other Manufacturing and Financial Institutions	Trading, Gems & Jewellery and Others
BB	25%	25%	25%
B	50%	50%	50%
C	70%	70%	70%
D	100%	100%	100%

- In case the security is traded after the credit event, the lower of traded price or price arrived basis indicative haircut provided by valuation agencies will be considered. Credit event for this purpose are downgrade in credit ratings below the investment grade or any subsequent downgrades of such securities.
- In case of any trade after the receipt of prices from the Valuation Agencies, the lower of traded price or price provided by Valuation agency will be considered.

The minimum size of trade for this purpose will be the same as provided by valuation agencies.

If the price is provided by only one of the valuation agencies, then the price provided by that agency will be considered.

Irrespective of the above policy, the valuation committee might adopt valuation principles on a case to case basis different than that stated above to align with fair valuation norms after recording the detailed rationale for deviation from the price provided by the valuation agencies This will be reported to the Board of AMC and Trustee and will be disclosed on the website and link to this disclosure shall also be given in monthly and half yearly portfolio disclosure.

K. Treatment of accrued interest and future interest accrual in case of money market and debt securities classified below investment grade or default

The treatment of accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default, is detailed below:

- a. The indicative haircut that has been applied to the principal should be applied to any accrued interest.
- b. In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made.

The following shall be the treatment of how any future recovery should be accounted for in terms of principal or interest:

- a. Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV.
- b. Any recovery in excess of the carried value (i.e. the value recognized in NAV) should then be applied first towards amount of interest written off and then towards amount of principal written off.

Any extension in the maturity of a money market or debt security shall result in the security being treated as “Default”, for the purpose of valuation.

If the maturity date of a money market or debt security is shortened and then subsequently extended, the security shall be treated as “Default” for the purpose of valuation.

Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation.

IV. Inter-scheme transfers (IST):

AMCs shall seek prices for IST of any money market or debt security (irrespective of maturity), from the valuation agencies.

If prices from the valuation agencies are received within the pre-agreed TAT, an average of the prices so received shall be used for IST pricing.

If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing.

If prices are not received from any of the valuation agencies within the agreed TAT, AMCs may determine the price for the IST, in accordance with Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.

V. Valuation Committee:

The Valuation Committee comprises of the following members – Managing Director, Chief Investment Officer, Head – Equity, Head – Fixed Income Head – Fund Accounting, Commission & MIS and Head – Compliance.

The Valuation Committee is responsible for implementation of the Valuation Policy and Procedures.

The Committee shall keep the Boards of AMC and Trustee Company periodically updated on the effectiveness of valuation methodologies, effective implementation, and deviations if any.

The valuation policy shall be reviewed annually by the Valuation Committee and internal auditors and the same shall be noted by the board of AMC and Trustee

Further, the Valuation Committee will ensure that investment in any new type of security which is not captured in the Valuation Policy shall be made only after establishment of the valuation methodology for such security with the approval of the Board of Directors of Asset Management Company.

VI. Conflict of Interest:

The Valuation Committee shall be responsible for ongoing review of areas of conflict (including potential areas, if any) and should recommend to the board of Directors of the Asset Management Company the procedures to mitigate it.

VII. Abnormal situations & market disruptions:

In normal situations the above methods may be used for valuation. However, in abnormal market conditions, due to lack of market trading or otherwise it may not be possible to obtain fair valuation using “normal” means. In such situations, the realizable value may be substantially different from the benchmark-based prices obtained. This could lead to, for example, an overvalued portfolio which could be used by some investors to redeem their holdings having an adverse impact on residual investors.

Following are the illustrative types of events which could be classified as abnormal situations where current market information may not be available / sufficient for valuation of securities:

- a. Major policy announcements by the Central Bank, the Government or the Regulator.
- b. Natural disasters or public disturbances that force the markets to close unexpectedly.
- c. Absence of trading in a specific security or similar securities.
- d. Significant volatility in the capital markets.

Escalation Procedure:

- a. Valuation Committee shall be responsible for monitoring Exceptional events.
- b. Deviation from the disclosed policy may be allowed with appropriate reporting to the Board of Trustees and Board of AMC at its meeting held immediately following such instance(s) of deviation(s). The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price as per the valuation agencies and the impact of such deviation on scheme NAV (in amount

and percentage terms) shall be reported to the Board of AMC and Trustees and shall be disclosed under a separate head on the website of AMC.

Further, while disclosing the total number of instances of deviation in the monthly and half-yearly portfolio statements, AMC shall also provide the exact link to their website for accessing the information as detailed above.

VIII. Safe keeping of data/record:

Valuation policy should be updated in the Scheme Information Document/Statement of Additional Information, website and other documents as prescribed by SEBI regulation, guidelines and circulars. All documents that form the basis of valuation including inter-scheme deals should be maintained.

IX. Annexure I – Waterfall Mechanism

Part A - VALUATION APPROACH FOR TRADED AND NON-TRADED MONEY MARKET AND DEBT SECURITIES

SEBI, vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 on Valuation of money market and debt securities, has laid down the broad principles for considering traded yields for the purpose of valuation of money market and debt securities. Paragraph 2.1 of the aforesaid circular prescribes that AMFI shall ensure that valuation agencies have a documented waterfall approach for valuation of money market and debt securities. In this regard, the following are the areas identified for issuing standard guidelines.

- a. Waterfall mechanism for valuation of money market and debt securities
- b. Definition of tenure buckets for similar maturity
- c. Process for determination of similar issuer
- d. Recognition of trades and outlier criteria
- e. Process for construction of spread matrix

Part A: Valuation of Money Market and Debt Securities other than G-Secs

1. Waterfall Mechanism for valuation of money market and debt securities:

The following shall be the broad sequence of the waterfall for valuation of money market and debt securities:

- i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN
- ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1 below)
- iii. VWAY of secondary trades of same issuer, similar maturity
- iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity
- v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1 below)
- vi. VWAY of secondary trades of similar issuer, similar maturity.
- vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity
- viii. Construction of matrix (polling may also be used for matrix construction)
- ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

Note 1

Except for primary issuance through book building, polling shall be conducted to identify outlier trades. However, in case of any issuance through book building which is less than INR 100 Cr, polling shall be conducted to identify outlier trades.

Note 2

Some examples of exceptional circumstance would be stale spreads, any event/news in particular sector/issuer, rating changes, high volatility, corporate action or such other event as may be considered by valuation agencies. Here stale spreads are defined as spreads of issuer which were not reviewed/updated through trades/primary/polls in same or similar security/issuers of same/similar maturities in waterfall approach in last 6 months.

Further, the exact details and reasons for the exceptional circumstances which led to polling shall be documented and reported to AMCs. Further, a record of all such instances shall be maintained by AMCs and shall be subject to verification during SEBI inspections.

Note 3

All trades on stock exchanges and trades reported on trade reporting platforms till end of trade reporting time (excluding Inter-scheme transfers) should be considered for valuation on that day.

Note 4

It is understood that there are certain exceptional events, occurrence of which during market hours may lead to significant change in the yield of the debt securities. Hence, such exceptional events need to be factored in while calculating the price of the securities. Thus, for the purpose of calculation of VWAY of trades and identification of outliers, on the day of such exceptional events, rather than considering whole day trades, only those trades shall be considered which have occurred post the event (on the same day).

The following events would be considered exceptional events:

- i. Monetary/ Credit Policy
- ii. Union Budget
- iii. Government Borrowing/ Auction Days
- iv. Material Statements on Sovereign Rating
- v. Issuer or Sector Specific events which have a material impact on yields
- vi. Central Government Election Days
- vii. Quarter end days

In addition to the above, valuation agencies may determine any other event as an exceptional event. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.

2. Definition of tenure buckets for Similar Maturity

When a trade in the same ISIN has not taken place, reference should be taken to trades of either the same issuer or a similar issuer, where the residual tenure matches the tenure of the bond to be priced. However, as it may not be possible to match the exact tenure, it is proposed that tenure buckets are created and trades falling within such similar maturity be used as per table below.

Residual Tenure of Bond to be priced	Criteria for similar maturity
Upto 1 month	Calendar Weekly Bucket
Greater than 1 month to 3 months	Calendar Fortnightly Bucket
Greater than 3 months to 1 year	Calendar Monthly Bucket
Greater than 1 year to 3 years	Calendar Quarterly Bucket
Greater than 3 years	Calendar Half Yearly or Greater Bucket

In addition to the above:

- a. In case of market events, or to account for specific market nuances, valuation agencies may be permitted to vary the bucket in which the trade is matched or to split buckets to finer time periods as necessary. Such changes shall be auditable. Some examples of market events / nuances include cases where traded yields for securities with residual tenure of less than 90 days and more than 90 days are markedly different even though both may fall within the same maturity bucket, similarly for less than 30 days and more than 30 days or cases where yields for the last week v/s second last week of certain months such as calendar quarter ends can differ.
- b. In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used for longer maturity buckets (1 year and above). However, the yield should be adjusted to account for steepness of the yield curve across maturities.
- c. The changes/ deviations mentioned in clauses a and b, above, should be documented, along with the detailed rationale for the same. Process for making any such deviations shall also be recorded. Such records shall be preserved for verification.

3. Process for determination of similar issuer

Valuation agencies shall determine similar issuers using one or a combination of the following criteria. Similar issuer do not always refer to issuers which trade at same yields, but may carry spreads amongst themselves & move in tandem or they are sensitive to specific market factor/s hence warrant review of spreads when such factors are triggered.

- i. Issuers within same sector/industry and/or
- ii. Issuers within same rating band and/or
- iii. Issuers with same parent/ within same group and/or
- iv. Issuers with debt securities having same guarantors and/or
- v. Issuers with securities having similar terms like Loan Against Shares (LAS)/ Loan Against Property (LAP)

The above criteria are stated as principles and the final determination on criteria, and whether in combination or isolation shall be determined by the valuation agencies. The criteria used for such determination should be documented along with the detailed rationale for the same in each instance. Such records shall be preserved for verification. Similar issuers which trade at same level or replicate each other's movements are used in waterfall approach for valuations. However, similar issuer may also be used just to trigger the review of spreads for other securities in the similar issuer category basis the trade/news/action in any security/ies within the similar issuer group.

4. Recognition of trades and outlier criteria

- i. **Volume criteria for recognition of trades (marketable lot)**

The following volume criteria shall be used for recognition of trades by valuation agencies:

Parameter	Minimum Volume Criteria for marketable lot
Primary	INR 25 Cr for both Bonds/NCD/CP/ CD and other money market instruments
Secondary	INR 25 Cr for CP/ CD, T-Bills and other money market instruments
Secondary	INR 5 Cr for Bonds/NCO/ G-secs

Trades not meeting the minimum volume criteria i.e. the marketable lot criteria as stated above shall be ignored.

ii. **Outlier criteria**

It is critical to identify and disregard trades which are aberrations, do not reflect market levels and may potentially lead to mispricing of a security or group of securities. Hence, the following broad principles would be followed by valuation agencies for determining outlier criteria.

- a. Outlier trades shall be classified on the basis of liquidity buckets (Liquid, Semi-liquid, Illiquid). Price discovery for liquid issuers is generally easier than that of illiquid issuers and hence a tighter pricing band as compared to illiquid issuers would be appropriate.
- b. The outlier trades shall be determined basis the yield movement of the trade, over and above the yield movement of the matrix. Relative movement ensures that general market movements are accounted for in determining trades that are outliers. Hence, relative movement over and above benchmark movement shall be used to identify outlier trades.
- c. Potential outlier trades which are identified through objective criteria defined above will be validated through polling from market participants. Potential outlier trades that are not validated through polling shall be ignored for the purpose of valuation.
- d. The following criteria shall be used by valuation agencies in determining Outlier Trades

Liquidity Classification	Bps Criteria (Yield movement over Previous Day yield after accounting for yield movement of matrix)		
	Upto 15 days	15-30 days	Greater than 30 days
Liquid	30 bps	20 bps	10 bps
Semi-liquid	45 bps	35 bps	20 bps
Illiquid	70 bps	50 bps	35 bps

The above criteria shall be followed consistently and would be subject to review on a periodic basis by valuation agencies and any change would be carried in consultation with AMFI.

- e. In order to ensure uniform process in determination of outlier trades the criteria for liquidity classification shall be as detailed below.

Liquidity classification criteria - liquid, semi Liquid and Illiquid definition

Valuation agencies shall use standard criteria for classifying trades as Liquid, Semi-Liquid and illiquid basis the following two criteria

- a. Trading Volume
- b. Spread over reference yield

Such criteria shall be reviewed on periodic basis in consultation with AMFI.

Trading Volume (Traded days) based criteria:

Number of unique days an issuer trades in the secondary market or issues a new security in the primary market in a calendar quarter

- Liquid $\geq 50\%$ of trade days
- Semi liquid $\geq 10\%$ to 50% trade days
- Illiquid $< 10\%$ of trade days

Spread based criteria:

Spread over the matrix shall be computed and based on thresholds defined, issuers shall be classified as liquid, semi liquid and illiquid. For bonds thresholds are defined as upto 15 bps for liquid; $>15-75$ bps for semi-liquid; > 75 bps for illiquid. (Here, spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix), For CP/ CD- upto 25 bps for liquid; $>25- 50$ bps for semiliquid; > 50 bps for illiquid. (Here, spread is computed as average spread of issuer over A1+/AAA CD Bank matrix).

The thresholds shall be periodically reviewed and updated having regard to the market.

The best classification (liquid being the best) from the above two criteria (trading volume and spread based) shall be considered as the final liquidity classification of the issuer. The above classification shall be carried out separately for money market instruments {CP/ CDs) and bonds.

5. Process for construction of spread matrix

Valuation agencies shall follow the below process in terms of calculating spreads and constructing the matrix:

Steps	Detailed Process
Step 1	Segmentation of corporates - The entire corporate sector is first categorised across following four sectors i.e. all the corporates will be catalogued under one of the below mentioned bucket: 1. Public Sector Undertakings/Financial Institutions/Banks; 2. Non-Banking Finance Companies -except Housing Finance Companies; 3. Housing Finance Companies; 4. Other Corporates
Step 2	Representative issuers - For the aforesaid 4 sectors, representative issuers (Benchmark Issuers) shall be chosen by the valuation agencies for only higher rating {I.e. "AAA" or AA+). Benchmark/Representative Issuers will be identified basis high liquidity, availability across tenure in AAA/AA+ category and having lower credit/liquidity premium. Benchmark Issuers can be single or multiple for each sector. It may not be possible to find representative issuers in the lower rated segments, however in case of any change in spread in a particular rating segment, the spread in lower rated segments should be suitably adjusted to reflect the market conditions. In this respect, in case spreads over benchmark are widening at a better rated segment, then adjustments should be made across lower rated segments, such that compression of spreads is not seen at any step. For instance, if there is widening of spread of AA segment over the AAA benchmark, then there should not be any compression in spreads between AA and A rated segment and so on.

Step 3	<p>Calculation of benchmark curve and calculation of spread - Yield curve to be calculated for representative issuers for each sector for maturities ranging from 1 month till 20 years and above.</p> <p>Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector.</p> <p>In the event of no data related to trades/primary issuances in the securities of the representative issuer is available, polling shall be conducted from market participants</p> <p>Yield curve for Representative Issuers will be created on daily basis for all 4 sectors. All other issuers will be pegged to the respective benchmark issuers depending on the sector, parentage and characteristics. Spread over the benchmark curve for each security is computed using latest available trades/primaries/polls for respective maturity bucket over the Benchmark Issuer. Spreads will be carried forward in case no data points in terms of trades/primaries/polls are available for any issuer and respective benchmark movement will be given</p>
Step 4	<ol style="list-style-type: none"> 1. The principles of VWAY, outlier trades and exceptional events shall be applicable while constructing the benchmark curve on the basis of trades/primary issuances. 2. In case of rating downgrade/credit event/change in liquidity or any other material event in Representative Issuers, new Representative Issuers will be identified. Also, in case there are two credit ratings, the lower rating to be considered. 3. Residual tenure of the securities of representative issuers shall be used for construction of yield curve.

Part B: Valuation of G-Secs {T-Bill, Cash management bills, G-Sec and SOL}

The following is the waterfall mechanism for valuation of Government securities:

- VWAY of last one hour, subject to outlier validation
- VWAY for the day (including a two quote, not wider than 5 bps on NDSOM), subject to outlier validation
- Two quote, not wider than 5 bps on NDSOM, subject to outlier validation
- Carry forward of spreads over the benchmark
- Polling etc.

Note:

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of these Guidelines.
2. Outlier criteria: Any trade deviating by more than +/- 5 bps post factoring the movement of benchmark security shall be identified as outlier. Such outlier shall be validated through polling for inclusion in valuations. If the trades are not validated, such trades shall be ignored.

The aforesaid provisions related to Waterfall approach for valuation of debt and money market securities prescribed by SEBI circular dated September 24, 2019 and AMFI circular dated November 18, 2019 shall be effective from the date of implementation of the requirements of the circular by the Valuation agencies.

ACCRUAL OF EXPENSES AND INCOME

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, while major expenses like management fees and other periodic expenses should be accrued on a day to day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

ACCOUNTING POLICIES AND STANDARDS

The AMC, for the Scheme(s) and its Plan(s), shall keep and maintain proper books of account, records and documents, so as to explain its transactions and to disclose at any point of time the financial position of the Scheme(s) and, in particular, give a true and fair view of the state of affairs of the Fund. In keeping and maintaining proper books of accounts, the AMC will follow the accounting policies and standards as outlined below which are as per the existing Regulations and are subject to change as per changes in the Regulations.

1. All investments will be marked to market and will be carried in the balance sheet at market value. However, since the unrealized gain arising out of appreciation cannot be distributed, provision will be made for exclusion of this item when arriving at distributable income.
2. Dividend income earned by the scheme will be recognised; not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments that are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
3. Bonus shares to which the Scheme becomes entitled shall be recognised only when the original shares to which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
4. In respect of all interest bearing investments, income will be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
5. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
6. Transactions for purchase or sale of investments would be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during the financial year are recorded and reflected in the financial statements for that year. When investment transactions take place outside the stock market, e.g. acquisition through private placement or purchase or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
7. Where income receivable on investments has been accrued and has not been received for a period beyond the due date as specified in the guidelines for identification and provisioning of NPA issues by SEBI, provision shall be made by debit to the revenue account for the income so accrued and no further accrual of income shall be made in respect of such investment in accordance with the aforesaid guidelines issued by SEBI in this behalf. In so far as provision for the principal amount is concerned, the same shall be provided for as specified in the aforementioned guidelines.
8. When Units are sold in the Scheme(s) and its Plans, an appropriate part of the sale proceeds shall be credited or debited to an Equalization Account and when Units are repurchased an appropriate amount shall be credited or debited to Equalization Account. The net balance on this account shall be credited or debited to the Revenue Account. The balance on the Equalization Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Fund but is only an adjustment to the distributable surplus. It shall therefore be reflected in the Revenue Account only after the net income of the Fund is determined.
9. When Units are sold, after considering the equalization as above, the difference between the sale price and the face value of the Unit, if positive, shall be credited to reserves and if negative, shall be debited to reserve, the face value being credited to Capital Account. Similarly, when the Units are repurchased, after considering the equalization as above, the difference between the purchase price and face value of the Unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the Capital Account.
10. The cost of investment acquired or purchased would include brokerage, stamp charges and any charge customarily included in the brokers' bought note. In respect of privately placed debt instrument, any front-end discount offered shall be reduced from the cost of the investment.
11. Underwriting commission, if any, shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

SECTION VI. TAX & LEGAL & GENERAL INFORMATION

A. TAXATION ON INVESTMENT IN MUTUAL FUNDS

The following outline of tax implications is provided for general information purposes only, based on the law prevailing as at the date of this document and also incorporating the amendments made by the Finance Act, 2020 ('FA 2020'). These implications should be considered in light of the specific facts of each individual case. Furthermore, in the event of periodic amendments to the relevant legislation, the nature and / or quantum of these benefits / implications are subject to change.

Accordingly, it is recommended that each unit holder should appropriately consult its tax consultant with respect to the specific tax implications arising out of their participation in the scheme.

I. To the Mutual Fund:

Income in the hands of the Mutual Fund

The entire income of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or any regulations made thereunder is exempt from income tax in accordance with the provisions of section 10(23D) of the Income-tax Act, 1961 ('the Act').

Income from securitisation trust

Mutual Funds may invest in the units of securitisation trusts. The key features of the taxation regime for securitisation trusts are as under:

- Tax pass-through status is accorded to trusts set-up by ARCs and securitisation trusts.
- Thus, income should be directly taxable in the hands of the investors. However, the income received by a mutual fund from a securitisation trust should still continue to remain exempt, as section 10(23D) of the Act provides exemption to the entire income earned by a mutual fund.
- While tax is generally deducted at source by the securitisation trust from payments, incomes paid to mutual fund by the securitization trust should not be liable to deduction of tax at source in accordance with the provisions of section 196(iv) of the Act.

Deduction of tax at source on income received by a mutual fund

Income received by such a Mutual Fund is not liable for the deduction of income tax at source as per the provisions of section 196(iv) of the Act. Where the Mutual Fund receives any income from investments made in overseas jurisdictions, this income may be subject to withholding in the relevant jurisdiction. As the income of the Mutual Fund is exempt from tax in India, credits/ refunds in relation to these foreign taxes may not be available in India.

Dividend income in the hands of the mutual fund

Mutual Funds may earn dividend income from its investments in shares of Indian companies. With the change in the tax regime relating to dividends, dividends are now taxable in the hands of shareholders. However, there will be no tax liability in the hands of the mutual fund as any income received by mutual funds is exempt from tax under section 10(23D) of the Act.

Classification of the fund as an 'equity oriented fund' or 'other than equity oriented fund' for the purposes of the Act

The meaning of the term 'equity oriented fund' has been amended by the Finance Act, 2018. Explanation (a) to section 112A of the Act defines the term 'equity oriented fund' to mean a fund which is set up under a scheme of a mutual fund specified under clause (23D) of section 10 and:

- (i) in a case where such fund invests in the units of another fund which is traded on a recognised stock exchange:
 - a minimum of 90% of the total proceeds of such fund is invested in the units of such other fund; and
 - such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and
- (ii) in any other case, a minimum of 65% of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognised stock exchange.

The percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

II. To the unit holders:

1. Deduction from total income

Section 80C

Under section 80C of the Act, an assessee, being an individual or HUF, is eligible to claim a deduction up to an aggregate of INR 1.5 lakhs on account of sums paid as subscription to units of an Equity Linked Savings Scheme ('ELSS').

ELSS refers to a scheme formulated under Equity Linked Savings Scheme, 2005, as notified by the Central Board of Direct Taxes ('CBDT'), Ministry of Finance vide notification¹ dated 3 November 2005 as amended vide notification² dated 13 December 2005.

2. Securities Transaction Tax

Under chapter VII of the Finance (No. 2) Act, 2004, the unit holder is liable to pay Securities Transaction Tax ('STT') on any 'taxable securities transaction' at the applicable rate. Taxable securities transactions include the purchase or sale of units of an equity oriented fund, entered into on the stock exchange or the sale of units of an equity oriented fund to the Mutual Fund.

The purchaser of the units of an equity oriented fund is not liable to pay STT where the purchase is entered into on a recognised stock exchange and the contract for the purchase of such units is settled by the actual delivery or transfer of such units.

The seller of the units of an equity oriented fund is liable to pay STT at 0.001% where the sale is entered into on a recognised stock exchange and the contract for sale of such units is settled by the actual delivery or transfer of such units.

At the time of the sale of units of an equity oriented fund to the Mutual Fund, the seller is required to pay STT @ 0.001%.

STT is not applicable on purchase/ sale/ redemption of units other than equity oriented units.

STT is not deductible for the computation of capital gains. However, if it is held that gains on the sale of securities are in the nature of business profits, then for the purpose of computing the business income, an amount

¹ Notification No. 226/2005, dated 3-11-2005

² [Notification No.259/2005/F. No. 142/39/2005-TPL], dated 13-12-2005

equivalent to the STT paid on the transaction value will be allowed as a deduction from the gains earned, under section 36 of the Act.

3. *Incomes from units*

Prior to FA 2020, dividend income from units [on which Dividend Distribution Tax ('DDT') was paid under section 115R] was exempt in the hands of the unitholders. However, post FA 2020, there has been a paradigm shift in taxation of dividend income such that the taxability of dividends would now occur in the hands of the unitholders. The broad modalities of dividend taxation are explained below:

a) *Taxability for Residents*

- As per section 56, dividend income from units is to be treated as “income from other sources” in the hands of the unitholders. As per section 57, the unitholders can claim a deduction of interest expense to the extent of 20 per cent of dividend income.
- Tax rates as per paragraph 5 may apply.

b) *Taxability for Non-residents*

- There are two categories of unitholders, i.e., FPIs and others.
- For FPIs, as per provisions of section 115AD, the applicable domestic tax rate is 20%, plus applicable surcharge and cess as per para 7.
- It is pertinent to note that section 115A is a distinct provision with regard to taxation of “dividends” in the hands of non-residents other than FPIs. While there is no doubt that this provision would apply to dividend from shares, it is not clear whether this provision would also extend to income distributed by mutual funds” (or “mutual fund dividend”)³. This is because the Act has historically carried separate mention and treatment for “dividends” and “income from mutual funds” in many respects. On the possible basis that mutual fund dividend may not be considered as dividend for the purposes of section 115A, they would be subject to the normal tax rates as applicable to the investor – please refer to tax rates as per paragraph 5. However, clarity is needed on the ability to consider mutual fund dividend as dividend for the purposes of section 115A.
- Also, tax treaty benefits can be claimed subject to conditions.

For final tax rates, surcharge rates and TDS rates, please refer paragraphs 5, 7 and 9 respectively.

4. *Gains on transfer / redemption of units*

Gains arising on transfer / redemption of units, as well as from switching between schemes will be chargeable to tax under the Act. The characterisation of income from investments in securities as ‘business income’ or ‘capital gains’ should be examined on a case-by-case basis.

However, the CBDT has issued a circular⁴ which states the following:

- Where the assessee opts to treat the listed shares/ securities as stock-in-trade, the income arising from the transfer of such listed shares/ securities would be treated as business income.
- If the assessee desires to treat the gains arising from transfer of listed shares/ securities held for a period of more than 12 months as capital gains, the same shall not be put to dispute by the Assessing Officer.

³ Based on s. 115A, “dividend” would be taxable on gross basis at the rate of 20 percent plus applicable surcharge and cess as per para 7.

⁴ Circular no. 6/ 2016 dated February 29, 2016

The aforementioned circular shall not apply in a case where the genuineness of the transaction itself is questionable.

As per section 2(14) of the Act, any investment in securities made by Foreign Institutional Investors⁵ ('FIIs') in accordance with the regulations made under the Securities and Exchange Board of India would be treated as a capital asset. Consequently, any income arising from transfer of securities by FIIs are to be treated in the nature of capital gains.

- **Business Income**

Where the units of the Mutual Fund are regarded as business assets, then any gains arising from the transfer / redemption of units would be taxed under the head of "Profits and gains of business or profession" under section 28 of the Act. The gain / loss is to be computed under the head of "Profits and gains of business or profession" after allowing for normal business expenses (inclusive of the expenses incurred on the transfer).

Business income is chargeable to tax at normal tax rates as per para 5.

- **Capital Gains**

The mode of computation of capital gains would be as follows:

Sale Consideration	xxx
Less: Expenses on transfer (Note 1)	(xxx)
Net Consideration	xxx
Less: Cost of Acquisition (Note 2)	(xxx)
Capital Gains	xxx

Note 1: This would include only expenses incurred wholly and exclusively in connection with the transfer.

Note 2: In case of the computation of long term capital gains arising upon transfer of 'other than equity oriented funds', the option of indexation of cost is available.

In case of ELSS, the units are subject to a lock-in period of 3 years. Accordingly, any sale of units after this lock-in period will qualify as a long-term capital gain.

- **Long term capital gains**

In the case of other than equity oriented fund

Capital gains arising on transfer or redemption of 'other than equity oriented units' should be regarded as long-term capital gains, if such units are held for a period of more than 36 months immediately preceding the date of such transfer.

As per section 112 of the Act, in case of both, residents and non-residents, tax on income on long-term capital gains arising from the transfer of units shall be taxable at the rate of 20% plus applicable surcharge and health and education cess @ 4% on the amount of tax and surcharge, after substituting the indexed cost of acquisition for the cost of acquisition.

⁵ As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.

However, long-term capital gains in the case of non-residents would be taxable @ 10% on the transfer of capital assets, being unlisted securities, computed without giving effect to the first and second proviso of section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.

The benefit of indexation will, however, not be available to specified offshore fund which is taxable @ 10% plus the applicable surcharge and health and education cess @ 4% on the total amount of tax and surcharge in terms of section 115AB of the Act.

The benefit of indexation will also not be available to FIIs⁶ who are taxed under section 115AD of the Act @ 10% plus applicable surcharge and health and education cess @ 4% on the total amount of tax and surcharge.

In cases where the taxable income, reduced by long term capital gains of a resident individual or HUF is below the taxable limit, the long term capital gain will be reduced to the extent of this shortfall and only the balance of the long term capital gain is chargeable to income tax.

The following deductions are available on long term capital gains arising on the transfer of Mutual Fund units, if the sale proceeds are invested in eligible avenues:

Particulars	Section 54F
Eligible persons	Individuals and HUFs
Asset to be purchased to claim exemption	One residential house in India
Time limit for purchase from date of sale of MF units	Purchase: 1 year backward / 2 years forward or Construction: 3 years forward
Amount Exempted	Capital gains proportionate to the investment made from the sale proceeds (subject to other conditions of owning / purchasing the residential house mentioned in the section)
Lock-in period	3 years

In the case of equity oriented fund

Capital gains arising on transfer or redemption of equity oriented units shall be regarded as long-term capital gains if such units are held for a period of more than 12 months, immediately preceding the date of transfer.

As per section 112A of the Act, introduced by the Finance Act, 2018, long-term capital gains arising on transfer of units of equity oriented mutual funds, on which STT has been paid on transfer thereof, should be taxable (in excess of INR 100,000) at the rate of 10% (plus applicable surcharge and health and education cess) (except a list of transactions as notified by CBDT vide notification no. 60/2018/F. No. 370142/9/2017-TPL 3875 dated 1 October 2018).

As per third proviso to section 48 of the Act, the capital gains shall be computed without giving effect to first and second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.

⁶ As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.

The cost of acquisition for computing long-term capital gains shall be higher of (a) Actual cost of acquisition; and (b) Lower of (i) fair market value as on 31 January 2018; and (ii) full value of consideration received upon transfer.

- ***Short term capital gains***

In the case of other than equity oriented fund

Short term capital gains arising from the transfer of units of funds other than equity oriented scheme would be chargeable to tax as follows:

Short term capital gains are taxed at the normal rates applicable to each unit holder. In case where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short term capital gain will be reduced to the extent of this shortfall and only the balance short term capital gain is chargeable to income tax.

In the case of an equity oriented fund

Short term capital gains arising from the transfer of units of an equity oriented fund, being subject to STT, would be charged to tax under section 111A of the Act @ 15% (plus the applicable surcharge and health and education cess @ 4%). In case where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short term capital gain will be reduced to the extent of this shortfall and only the balance short term capital gain is chargeable to income tax.

- ***Capital losses***

Losses under the head capital gains cannot be set off against income under any other head. Furthermore, within the head capital gains, losses arising from the transfer of long term capital assets cannot be adjusted against gains arising from the transfer of a short term capital asset. However, losses arising from the transfer of short term capital assets can be adjusted against gains arising from the transfer of either a long term or a short term capital asset.

Unabsorbed long term capital losses (on both equity oriented mutual fund units and other than equity oriented mutual fund units) can be carried forward and set off against the long term capital gains arising in any of the subsequent eight assessment years. Unabsorbed short term capital losses (on both equity oriented mutual fund units and other than equity oriented mutual fund units) can be carried forward and set off against the income under the head capital gains in any of the subsequent eight assessment years.

- ***Consolidation / Merger of schemes***

In case of consolidation of mutual fund schemes, the investors generally receive units in the consolidated scheme in consideration of units held in the consolidating scheme. The following provisions are applicable in case of consolidation of mutual fund schemes:

- As per section 47(xviii) of the Act, any transfer of units held by the investor in the consolidating scheme of the mutual fund in consideration of allotment of units in the consolidated scheme, shall not to be regarded as a taxable transfer, provided that the consolidation is of two or more schemes of an equity oriented fund or two or more schemes of a fund other than equity oriented fund.
- Further, as per section 49(2AD) of the Act, the cost of acquisition of units in the consolidated scheme shall be deemed to be the cost of acquisition of the units in the consolidating scheme. Also, as per section 2(42A) of the Act, the period of holding of

the units in the consolidated scheme shall include the period of holding of the units in the consolidating scheme.

- ‘Consolidating scheme’ has been defined under section 47(xviii) of the Act as the scheme of a Mutual Fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulations, 1996. ‘Consolidated scheme’ has been defined as the scheme with which the consolidating scheme merges or which is formed as a result of such merger.

• ***Consolidation of plans within a scheme of a mutual fund***

- In case of consolidation of mutual fund plans within a scheme, the investors generally receive units in the consolidated plan in consideration of units held in the consolidating plan.
- As per section 47(xix) of the Act, any transfer of units (held by the investor as a capital asset) on account of a consolidation of a plan with other plans of the same scheme shall not be regarded as a taxable transfer.

Sr. No.	Assessee	% of Income Tax
1	Individuals, Hindu Undivided Family (‘HUF’), Association of Persons (‘AOP’), Body of Individuals (‘BOI’)	Applicable slab rates (as per para 6)
2	Domestic company (if the company resorts to the new taxation regime provided under the Taxation Laws (Amendment) Act, 2019) – Section 115BAA ⁷	22%
3	Domestic company (if the company resorts to the new taxation regime provided under the Taxation Laws (Amendment) Act, 2019) – Section 115BAB ⁷	15%
4	Domestic company having turnover/ gross receipt not exceeding INR 400 crore in financial year 2018-19 [if the company does not exercise to adopt the new taxation regime which has the basic tax rate of 22% /15% (as mentioned in sr. no. 2 and 3 above)]	25%
5	Partnership Firms, including Limited Liability Partnerships (‘LLPs’)	30%
6	Domestic Company (having turnover/gross receipt exceeding INR 400 crore in financial year 2018-19) [if the company does not exercise to adopt the new taxation regime which has the basic tax rate of 22% / 15% (as mentioned in sr. no. 2 and 3 above)]	30%
7	Foreign Company	40%

- Further, the cost of acquisition of the units in the consolidated plan shall be the cost of units in consolidating plan. Also, the period of holding of the units of consolidated plan shall include the period for which the units in consolidating plan were held by the assessee.

⁷ subject to prescribed conditions especially such that certain deductions such as section 80G (w.e.f. FY20-21) and exemptions need to be foregone. Further, the provisions of Minimum Alternate Tax will not apply to such companies. The option has to be exercised before the due date of filing the income-tax return. Once exercised, it cannot be withdrawn subsequently.

5. Tax Rates

The general tax rates for the financial year 2020-21:

For rate of surcharge and cess, please refer para 7.

6. Slab-wise tax rates

Under the ongoing regime, the slab rates for individuals / HUF / AOP / BOI are as follows:

Where total income for a tax year (April to March) is less than or equal to Rs 250,000* (the basic exemption limit)	Nil
Where such total income is more than Rs 250,000* but is less than or equal to Rs 500,000	5% of the amount by which the total income exceeds Rs 250,000*
Where such total income is more than Rs 500,000 but is less than or equal to Rs 1,000,000	Rs 12,500 plus 20% of the amount by which the total income exceeds Rs 500,000
Where such total income is more than Rs 1,000,000	Rs 112,500 plus 30% of the amount by which the total income exceeds Rs 1,000,000

*The basic exemption limit in case of a resident senior citizen (with age of sixty years or more but less than eighty years) is Rs 300,000, in case of resident in India, who is of the age of eighty years or more at any time during the previous year is Rs 500,000.

Further, a tax rebate up to Rs 12,500 per annum would be available for resident individuals with total income of up to Rs 500,000 per annum.

Under the alternate new regime⁸ for individuals and HUF w.e.f. FY2020-21:

Where total income for a tax year (April to March) is less than or equal to Rs 250,000 (the basic exemption limit)	Nil
Where such total income is more than Rs 250,000 but is less than or equal to Rs 500,000	5% of the amount by which the total income exceeds Rs 250,000
Where such total income is more than Rs 500,000 but is less than or equal to Rs 750,000	Rs 12,500 plus 10% of the amount by which the total income exceeds Rs 500,000
Where such total income is more than Rs 750,000 but is less than or equal to Rs 1,000,000	Rs 37,500 plus 15% of the amount by which the total income exceeds Rs 750,000
Where such total income is more than Rs 1,000,000 but is less than or equal to Rs 1,250,000	Rs 75,000 plus 20% of the amount by which the total income exceeds Rs 1,000,000
Where such total income is more than Rs 1,250,000 but is less than or equal to Rs 1,500,000	Rs 125,000 plus 25% of the amount by which the total income exceeds Rs 1,250,000
Where such total income is more than Rs 1,500,000	Rs 187,500 plus 30% of the amount by which the total income exceeds Rs 1,000,000

⁸ Section 115BAC. For adopting the new tax regime, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. The aforesaid regime is optional. Accordingly, individuals and HUFs have the option to be taxed under either of the options. The option under new regime once exercised can be changed in subsequent years (not applicable for business income).

For rate of surcharge and cess, please refer paragraph 7.

7. Surcharge and cess

The rates of tax mentioned would be increased by a surcharge of:

a) For Individuals, HUF, Artificial Juridical Person, AOP or BOI:

Nature of Income	Up to Rs. 50 lakhs	More than Rs. 50 lakhs but upto Rs. 1 crore	More than Rs. 1 crore but less than Rs. 2 crores	More than Rs. 2 crores but up to Rs. 5 crores	More than Rs. 5 crores
1. Short-term capital gain under section 111A; 2. Long-term capital gains under section 112A; 3. Short term or Long-term capital gains under section 115AD(1)(b)	NIL	10%	15%	15%	15%
4. Dividend Income ⁹ – Residents and Non-residents	NIL	10%	15%	25%	37%
5. Any other Income	NIL	10%	15%	25%	37%

b) For Firms and LLPs

12% where income exceeds INR 10,000,000.

c) For Companies

Company	Total income upto Rs. 1 crore	Total income exceeds Rs. 1 crore but not Rs. 10 crores	Total income exceeds Rs. 10 crores
Domestic company	NIL	7%	12%
Domestic Company opting for section 115BAA and 115BAB - on income other than capital gains	10%		
Domestic Company opting for section	NIL	7%	12%

⁹ The FA 2020 caps the surcharge on "dividend". It appears for this purpose that dividend would mean dividend from equity shares and may not cover dividend from mutual fund schemes/income distributed by mutual funds. This is because the Income-tax Act in several places refers to dividend from equity as "dividend" and dividend from mutual fund as "income distributed by mutual fund". Based on such approach, "mutual fund dividend" is subject to super-rich surcharge.

115BAA and 115BAB - on capital gains			
Foreign company	NIL	2%	5%

A health and education cess of 4% by way of would be charged on amount of tax inclusive of the applicable surcharge for all taxpayers.

8. *Minimum Alternate Tax/Alternate Minimum Tax*

For companies who do not avail the option of shifting to the new taxation regime laid out by Taxation Laws (Amendment) Act, 2019

Where, the income tax payable on the total income as computed under the Act is less than the tax computed at 15%¹⁰ of its book profits, then such book profits shall be deemed to be the total income of the company and the tax payable should be at the rate of 15% (plus applicable surcharge and cess) on such book profits.

Where MAT has been paid, credit is available in subsequent financial years for the MAT paid in excess of income-tax payable in a financial year. This credit should be eligible to be carried forward for 15 years and set-off against future income-tax payable to the extent normal income-tax payable exceeds MAT in that financial year.

The income on the transfer of Mutual Fund units by a company would be taken into account in computing the book profits and Minimum Alternate Tax, if any, under section 115JB of the Act.

The taxable income on transfer of Mutual Fund units would be taken into account in computing the Adjusted Total Income and Alternate Minimum Tax, if any, under section 115JC¹¹ of the Act.

For companies who avail the option of shifting to the new taxation regime laid out by Taxation Laws (Amendment) Act, 2019

As per Taxation Laws (Amendment) Act, 2019, domestic companies exercising the option to shift to the new taxation regime (i.e. the option to pay tax at the rate of 22%), are not required to pay taxes as per the provisions of MAT. Further, upon exercise of this option, the MAT credit generated over the years would not be allowed to be set-off against the tax payable as per the normal provisions of the Act.

9. *Tax deduction at source ('TDS')*

The Act provides for the manner and rates at which tax is to be withheld with regard to various types of incomes.

a) Dividend income

Category	TDS rate	Reduced TDS rates ¹² from 14/05/2020 to 31/03/2021
Resident	10% (new section 194K ¹³)	7.5%

¹⁰ W.e.f. FY2019-20

¹¹ Section 115JC is applicable to all persons other than company which has claimed any deduction under Chapter VI-A under the heading 'C- Deductions in respect of certain incomes' (other than section 80P) or section 10AA.

¹² As per press release dated 13 May 2020. An ordinance in this regard is awaited.

¹³ Threshold of Rs. 5,000 is applicable under section 194K.

FPI (corporate)	20% (section 196D)	No change
FPI (non-corporate)	20% (section 196D)	No change
Non-residents including corporates	20% (section 196A)	No change

b) Capital Gains

- **Resident unit holders**

No income tax is required to be deducted at source from capital gains arising on transfer of units by resident unit holders.

- **In the case of other than equity oriented fund**

A) Non-Resident Individual unit holders

Tax is required to be deducted at source on payment of any sum chargeable under the provisions of the Act to a non-resident under section 195 of the Act at the following rates:

- On income by way of long-term capital gains 20% (plus applicable surcharge and cess) with indexation for listed units OR 10% (plus applicable surcharge and cess) without indexation for unlisted units; and
- On income by way of short term capital gains @ 30% (plus applicable surcharge and health and education cess of 4%).

A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions of the relevant Double Taxation Avoidance Agreement ('DTAA'), whichever is more beneficial to the assessee. However, the unit holder will be required to provide appropriate documents to the Mutual Fund in order to be entitled to a beneficial rate under such DTAA. One will also need to examine the provisions of General Anti-avoidance Rules ('GAAR')¹⁴ and Multilateral instrument ('MLI')¹⁵.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Furthermore, as per section 90(5) of the Act, non-resident is also required to provide such other documents and information, in Form 10F.

¹⁴ GAAR may be invoked by the Indian income-tax authorities if arrangement(s) are found to be impermissible avoidance arrangements. The CBDT has issued clarifications on GAAR (Circular No. 7/2017 dated 27 January 2017). The provisions of GAAR are effective from the financial year commencing April 1, 2017.

¹⁵ The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs.

B) Offshore fund unit holders

Under section 196B of the Act, tax shall be deducted at source from long term capital gains arising to an Offshore Fund from the transfer of units @ 10% plus applicable surcharge and health and education cess @ 4% on the amount of tax and surcharge.

Tax is required to be deducted at source under section 195 of the Act, on payment to a non-resident of any sum chargeable under the provisions of the Act, at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA whichever is more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under the relevant DTAA. As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a TRC of being a resident of his home country. Furthermore, as per section 90(5) of the Act, a non-resident is also required to provide such other documents and information, in Form 10F.

- **In the case of an equity oriented fund for non-resident unit holders (including offshore fund unit holders)**

Tax is required to be deducted at source under section 195 of the Act on payment to a non-resident on any sum which is chargeable under the provisions of the Act, at the following rates:

- Income from way of long term capital gains arising from the transfer of units, subject to STT – 10% (without indexation and foreign exchange fluctuation benefit) (plus applicable surcharge and cess)
- On income by way of short term capital gains arising from the transfer of units, subject to STT @ 15% (plus applicable surcharge and cess).

Tax is required to be deducted at source under section 195 of the Act, on payment to a non-resident of any sum chargeable under the provisions of the Act, at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial than the DTAA. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA, whichever are more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Mutual Fund, in order to be entitled to a beneficial rate under the relevant DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a TRC of being a resident of his home country. Furthermore, as per section 90(5) of the Act, a non-resident is also required to provide such other documents and information, in Form 10F.

- **Foreign Institutional Investors/ Foreign Portfolio Investors**

As per the provisions of section 196D of the Act, no deduction of tax shall be made from any income from capital gains arising from the transfer of securities referred to in section 115AD, payable to FIIs¹⁶.

¹⁶ As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.

c) **Surcharge and Cess on TDS**

Nature of Income	Up to Rs. 50 lakhs	More than Rs. 50 lakhs but upto Rs. 1 crore	More than Rs. 1 crore but less than Rs. 2 crores	More than Rs. 2 crores but up to Rs. 5 crores	More than Rs. 5 crores	More than Rs. 10 crores
a) Non-corporates						
• Short-term capital gain under section 111A; • Long-term capital gains under section 112A;	NIL	10%	15%	15%	15%	
• Dividend income ¹⁷ – FPIs and other non-residents	NIL	10%	15%	25%	37%	
• Any other Income	NIL	10%	15%	25%	37%	
b) Corporates	NIL		2% (More than Rs. 1 crore but up to Rs. 10 crores)			5%

The rate of health and education cess is 4%. (applicable on tax plus surcharge).

10. Failure to provide Permanent Account Number ('PAN')

Section 206AA of the Act states that the deductee is required to furnish his PAN to the deductor failing which the deductor shall deduct tax at source at the higher of the following rates:

1. The rate prescribed in the Act;
2. The rate in force i.e., the rate mentioned in the relevant Finance Act; or
3. The rate of 20%.

However, as per Rule 37BC (as introduced by notification no. 53/2016¹⁸), in the case of a non-resident, not being a company, or a foreign company and not having PAN, the aforementioned provisions of section 206AA of the Act shall not be applicable on payments for transfer of capital asset (currently, rule 37BC does not cover dividend income), if the following documents are provided by the deductee to the deductor:

- Name, e-mail address, contact number and address;
- A certificate of the deductees being resident in their respective countries from the Governments of those countries if the law of that country provides for issuance of such certificate; and

¹⁷ The FA 2020 caps the surcharge on "dividend". It appears for this purpose that dividend would mean dividend from equity shares and may not cover dividend from mutual fund schemes/income distributed by mutual funds. This is because the Income-tax Act in several places refers to dividend from equity as "dividend" and dividend from mutual fund as "income distributed by mutual fund". Based on such approach, "mutual fund dividend" is subject to super-rich surcharge.

¹⁸ [Notification No. 53 /2016, F.No.370 142/16/2016-TPL] dated 24 June 2016

- Tax Identification Number or a unique number on the basis of which the deductees could be identified by their Governments as a resident of those countries.

11. Dividend stripping

As per section 94(7) of the Act, loss arising on sale of units which are bought within 3 months of the record date and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempted income received or receivable on such units.

12. Bonus stripping

As per section 94(8) of the Act, units purchased within a period of 3 months prior to record date of entitlement of bonus and sold within a period of 9 months after such date, the loss arising on the transfer of original units shall be ignored for the purpose of computing the income chargeable to tax.

The amount of loss ignored shall be deemed to be the cost of purchase / acquisition of the bonus units.

III. Religious and Charitable Trust

Investments in units of the Mutual Fund will rank as an eligible form of investment under section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962 for Religious and Charitable Trusts.

IV. New pension scheme

Any income, including gains from redemption of Mutual Fund units, received by any person for, or on behalf of, the New Pension System Trust (as established under the provisions of Indian Trust Act, 1882, on 27 February, 2008), is exempt in the hands of such person under section 10(44) of the Act.

STT is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust referred to in section 10(44) of the Act.

V. Gift-tax

The Gift-tax Act, 1958 was repealed on 1 October 1998. As per section 56(2)(x) of the Act, receipt of securities, the fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration, is taxable as income in the hands of the recipients (i.e. the donee).

However, the aforementioned provision shall not apply to any units received by the donee:

- (a) From any relative; or
- (b) On the occasion of the marriage of the individual; or
- (c) Under a will or by way of inheritance; or
- (d) In contemplation of death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- (g) From any trust or institution registered under section 12AA of the Act; or

- (h) By any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or
- (i) By way of transaction not regarded as transfer under clause (i) or clause (vi) or clause (via) or clause (viaa) or clause (vib) or clause (vic) or clause (vica) or clause (vicb) or clause (vid) or clause (vii) of section 47; or
- (j) From an individual by a trust created or established solely for the benefit of relative of the individual.

The term 'relative' shall mean:

A] In the case of an Individual -

- (i) The spouse of the individual
- (ii) The brother or sister of the individual
- (iii) The brother or sister of the spouse of the individual
- (iv) The brother or sister of either of the parents of the individual
- (v) Any lineal ascendant or descendant of the individual
- (vi) Any lineal ascendant or descendant of the spouse of the individual
- (vii) The spouse of the person referred to in clauses (ii) to (vi), and

B] In case of a HUF, any member thereof.

B. LEGAL INFORMATION

MODE OF HOLDING

The mode of holding may be "single", "joint" or "either/anyone or survivor".

When units are held "singly", all notices, correspondences, distributions, redemptions etc. would be sent to the single holder. Where Units are jointly held, the person first-named in the Application Form will receive all notices and correspondences with respect to the Account, as well as any distributions through dividends, redemptions or otherwise. Such person shall hold the voting right, if any, associated with the Units. However, all documentation/purchase applications/redemption requests/enrollment forms shall necessarily be signed by all the holders. All payments and settlements etc. made to such first named holder shall be a valid discharge by the Fund and the liability of the Mutual Fund in this regard shall be only to the first-named holder.

When Units are held as "either/anyone or survivor", the person first-named in the Application Form will receive all notices and correspondences with respect to the Account, as well as any distributions through dividends, redemptions or otherwise. Any one of the Joint holders (in case of either/ anyone or survivor) shall hold the voting right, if any, associated with the Units and all documentation/purchase applications/redemption requests/ enrolment forms may be signed by any one of the joint holders (in case of either/anyone or survivor) and the Mutual Fund will act on the instructions of the first holder/anyone of the joint account holders. However under all the cases ("joint" or "either/anyone or survivor" and without percentage allocation of investment amongst joint holders), the Fund shall recognize the first named joint holder as the unit holder and all payments and settlements, etc. made to such first-named holder shall be a valid discharge by the Fund and the Fund shall not be liable to any other joint applicants in this regard.

In case the joint holder/s want to nominate nominees, all joint-holders should jointly indicate the nominees.

"On behalf of Minor" Accounts / Folios:

- 1) The Minor shall be the First and Sole Unitholder in the Account / Folio. There shall not be any Joint Accounts with Minor as the First or Joint Unit holder;
- 2) Only Natural Guardian (i.e. Father or Mother) or a Court appointed Legal Guardian shall be permitted as Guardian to the Folio held on behalf of the Minor;
- 3) Information on relationship with the Minor and valid *Supporting Document evidencing the same has to be mandatorily submitted along with the Application Form;

Information on the Date of Birth of the Minor and valid *Supporting Document evidencing the same has to be mandatorily submitted along with the Application Form.

A) Status Change - On Minor Attaining Majority

- 1) Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited). (AMC) / KFin Technologies Private Limited (Registrar) shall send an advance notice to the registered correspondence address advising the Minor and Guardian to submit a “#Service Request Form” along with the mandatory enclosures, in order to effect the change of status in the Folio/Account from ‘Minor’ to ‘Major’;
- 2) No financial and non-financial transactions including fresh registration of Systematic Investment Plans (SIPs), Systematic Transfer Plans (STPs), Regular Withdrawal Plans (RWPs) etc. shall be permitted, till such time a duly filled in above mentioned “ #Service Request Form” along with mandatory enclosures are duly received and updated in the status of the Folio / Account by the AMC/Registrar;
- 3) Existing Standing Instructions which are registered for a period beyond the Minor’s date of attaining majority shall continue to be processed till such time an instruction from the Major to terminate the same is received by the AMC/Registrar along with a “#Service Request Form” and the mandatory enclosures. Such Standing Instructions shall be terminated within 30 days from the date of receiving such Instructions.
- 4) Standing Instructions preferred with the AMC/Registrar effective April 1, 2011, shall be registered only till the date of Minor attaining Majority.

Service Request Form is available on www.principalindia.com or can be obtained at any of our Official Point of Acceptance of Transactions (OPT).

B) Change in Guardian:

In case of Folios held on behalf of Minor, change in Guardian either due to mutual consent or demise of existing Guardian shall be registered on submission of following documents –

- 1) Request letter from the new Guardian;
- 2) No Objection Letter or Consent Letter from Existing Guardian or Court Order for new Guardian, in case the existing Guardian is alive;
 - 3) Notarized / Attested copy of the Death Certificate of the deceased Guardian, where applicable;
- 4) Only Natural Guardian (i.e. Father or Mother) or a Court appointed Legal Guardian shall be permitted as Guardian in the Folio held on behalf of the Minor;
- 5) Information on relationship with the Minor and valid *Supporting Document evidencing the same has to be mandatorily submitted along with the Request Letter;
- 6) Bank Attestation attesting the signature of the new Guardian in a Bank Account of the Minor where the new Guardian is registered as the Guardian;
- 7) KYC Acknowledgement Letter of the New Guardian.

* Supporting Document shall mean and include Birth Certificate of the Minor, School leaving Certificate/Mark Sheet issued by Higher Secondary Board of respective States, ICSE, CBSE etc., Passport of the Minor or such other valid document duly attested by a Gazetted Officer. In case of Legal Guardian, supporting legal documentation duly attested by a Gazetted Officer should be submitted.

NOMINATION FACILITY

If an application is made in the name of a single individual holder or jointly not exceeding three individuals (under any mode of holding) the unitholders can request a Nomination Form to nominate beneficiary(s)/successor(s) (upto three) to receive the Units upon his/her/their death, to the extent provided in the Regulations. Unitholders can nominate individuals not exceeding three (jointly) as beneficiary(s)/successor(s) to receive the units either on first holder basis or in a particular percentage allocation upon his/her/their death. Nomination shall be maintained at the Folio/Account Level and shall be applicable for all investments in all Scheme(s) in the Folio/Account. Nomination shall be mandatory for new Folio(s)/Account(s) opened by an Individual especially with sole holding and no new Folio / Account for

individuals in single holding shall be opened without nomination. Even those investors who do not wish to nominate must sign separately confirming their non-intention to nominate.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such units of the Scheme, where a nomination made in the prescribed manner purports to confer on any person(s) the right to vest the units of the scheme, the nominee(s) shall, on the death of the unitholders (single holder or all the joint holders) of the scheme become entitled to all the rights in the units of the Scheme (as an agent & trustee) to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. In case of 3 joint nominee(s) without any percentage allocation the first named nominee alone has the right to receive the amount due in respect of units in the event of death of the unitholder(s). In case of 3 joint nominee(s) with a particular percentage allocation, all payouts and settlements would be made to all successors in the particular percentage as stated by the unitholder(s). If no percentage is stated for allocation amongst nominees and if the first named nominee predeceases the unitholder(s) and the unitholder(s) has/have not cancelled or substituted the nomination, second named nominee shall be entitled to receive the amount due in respect of the units of the deceased unitholder(s). However, the nomination will cease to be valid on units repurchased/ by the original unitholder in full or being transferred by operation of law or upon enforcement of a pledge/charge. All payments and settlements made to such nominee(s) (as agent & trustee) and a receipt thereof shall be a valid discharge by the Fund. Folio held on behalf of Minor, Power Of Attorney holder, societies, Funds, bodies corporate, partnership firms and HUF shall have no right to make any nomination. Nomination in favor of Nonresidents will be governed by the rules formulated by Reserve Bank of India from time to time.

Nomination can also be made for units which are pledged and offered as security in favour of any entity/body for any purpose but only after “approval”/ “no objection” clearance from such entity/body. Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such pledge units of the scheme, where a nomination made in the prescribed manner purports to confer on any person(s) the right to vest the pledged units of the scheme, the nominee(s) shall, on the death of the unitholder(s) (single holder or all the joint holders) of the scheme become entitled to all the rights in the pledged units of the scheme to the exclusion of all other persons except the entity/body in whose favour the units are pledged by way of lieu, unless the nomination is cancelled or varied.

The provisions for nomination with regard to Mutual Funds would be as per Section 56 and Section 69 (regarding the right of the beneficiary to transfer possession) of the Indian Trust Act, 1882 since the Mutual Fund is formed as a Trust under the said Act. However, acceptance of such nomination/ appointment of beneficiary would be at the entire discretion of the Fund taking into consideration the provisions of the Indian Trust Act and the Mutual Fund assumes no responsibility therefore, and the unitholder(s) would be liable for the loss resulting from a fraudulent nomination/appointment of beneficiary based on the unitholder(s) (single holder or joint-holders) instructions, that the Fund reasonably believed as genuine.

By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee. A nomination in respect of the Units does not create an interest in the property after the death of the Unitholder. The nominee shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination and the transmission of units would normally be governed as per succession certificate/probate of the will.

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 and guardian holding Folio on behalf of Minor cannot nominate. If the units are held jointly, all joint holders will sign the request for nomination/cancellation of Nomination, even if the mode of holding is not “Joint”. 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, a local authority, any person designated by virtue of his office or a religious or charitable trust. The Nominee shall not be a trust other than religious or 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. Nomination in respect of the units stands rescinded upon the transfer of units.

Transfer of units in favour of a Nominee shall be valid discharge by the asset management company against the legal heir. 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 over write the existing nomination. 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.

PLEDGE OF UNITS

In conformity with the guidelines and notification issued by SEBI/Government of India/any other regulatory body from time to time and/or any statutory modification or re-enactment thereof, the units under the Scheme may be offered as security by way of a pledge/charge in favor of scheduled banks, financial institutions, NBFC, or any other body. The AMC and/or the Registrar will note and record such pledged units. Appropriate documentation has been drafted for this purpose and is available on request. However, disbursement of such loans will be at the entire discretion of the bank/financial institution/NBFC, any other regulatory body concerned and the Mutual Fund assumes no responsibility thereof.

However, in case of Equity Linked Savings Scheme(s), the units under the Scheme(s) can be pledged only after a period of 3 years from the date of allotment. Applications for pledge of units under Equity Linked Savings Schemes before completion of requisite lock in period shall not be accepted / shall be liable for rejection. The Mutual Fund/AMC/Trustee will not be responsible for loss arising out of such rejection.

Unclaimed Distribution Amount

As per SEBI guidelines Ref: MFD/CIR/9/120/2000 dated November 24, 2000 and SEBI circular ref: SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 24, 2016, unclaimed redemption and dividend amounts shall be deployed by the Fund in call money market or money market instruments or in a separate plan of Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. Investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such amount can be used for the purpose of investor education. The AMC shall make continuous efforts to remind the investors to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

Details on the folios where unclaimed redemption and/or dividend amount is lying has been made available on the website of Principal Mutual Fund. Investors may refer the website for information on the process of claiming unclaimed amount and the necessary forms/documents required for the same.

Scheme Amendments

The AMC may add to or otherwise amend either all or any of the terms of the Scheme, by duly complying with the guidelines of and notifications issued by SEBI/GOI/any other regulatory body that may be issued from time to time subject to the prior approval of SEBI, wherever required. Till the time the Scheme Information Document is revised and reprinted, an addendum giving details of each of the changes shall be attached to Scheme Information Document. The addendum shall be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Document already in stock. Further, arrangements will be made to provide changes in the Scheme Information Document in the form of a notice/any other manner in/at all the investor service centers/distributors/brokers office.

Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 (hereinafter referred to as "Act") came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular reference number ISD/ CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Mutual Funds should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures and also to adopt a Know Your Customer (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose

of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI also issued another circular reference no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the Act inter-alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIUIND), New Delhi.

The investor(s) should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued thereunder. To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, Principal Mutual Fund reserves the right to seek information, record investor's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose.

The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard.

The KYC documentation shall also be mandatorily complied with by the holders entering the Register of Members by virtue of operation of law e.g. transmission, etc. The Mutual Fund, AMC, Principal Trustee Company Pvt. Limited and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios / rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND. Investors should note that it is mandatory to enclose KYC letter for all Investment Transactions.

Ultimate Beneficial Owner(s)

Pursuant to the requirements of anti-money laundering related laws and regulatory guidelines, SEBI vide its master circular dated December 31, 2010 had mandated all registered intermediaries to obtain sufficient information from their investors about the identity of persons who beneficially own or control the securities account. Further, SEBI, vide its circular dated January 24, 2013, prescribed guidelines on identification of Ultimate Beneficial Owner(s) ('UBO'). For the purpose of these guidelines, UBO means –

- a. the natural person or persons who ultimately own, control or influence an investor; and/or
- b. persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.

In case 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, the guidelines pertaining to UBO are not applicable and hence details of shareholders or beneficial owners of such companies need not be provided.

The Fund / AMC reserves the right to reject application forms submitted by non-individual applicants / investors without filling the UBO declaration (forming part of the application form). Further, investors are requested to immediately inform the Fund / AMC in case of any change in the beneficial ownership details provided by them.

TRANSFER

Units of the Scheme held in Physical Form shall be non-transferable. However, if a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence and submission of such documents, which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units. Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission of Units and not transfer.

Further for units of the schemes held in electronic (demat) form, the units will be transferable (in terms of SEBI Circular No. CIR/IMD/DF/10/2010 dated August 18, 2010) and will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

TRANSMISSION

The scheme's units can be transmitted after completion of necessary formalities to the entitled person(s) in the event of death of unitholder. All the restrictions and limitations specified herein including those relating to lock-in period and creation of charge, will be binding also on the successors, legal heirs, pledgee or assigns of the investor.

AMFI vide its Best Practices Guidelines No.20/2010-10 and no. 135/BP/53/2014-15 dated February 11, 2015, has prescribed documents based on various kinds of scenario for transmission.

Kindly refer www.principalindia.com for details on necessary documents under different transmission scenarios. In the event the Units are to be transmitted to a Claimant who is a Minor, documents submitted including KYC Acknowledgement Letter, Bank Attestation, Indemnity should be of the Guardian of the Minor (Guardian should be only Natural Guardian or Legal Guardian).

The AMC reserves the right to seek additional documents if the amount involved in transmission exceeds R1 lakh on a case to case basis.

LISTING:

In case of a close ended Scheme listed on the Stock Exchange(s), the procedure for transfer of Units will be similar to that for listed equity share and subject to the provisions of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time.

The trading will be as per settlement cycle. Buying or selling of units by investor can be made from the secondary market on National Stock Exchange at market prices through demat mode.

DURATION OF THE SCHEME AND WINDING UP

The Closed ended Scheme will come to an end as per specified period/duration of the Scheme. On maturity of the scheme, the outstanding units shall be redeemed and proceeds will be paid to the unitholders unless rolled over as per SEBI guidelines. In case the due date of maturity falls on a non-business day, the maturity date will be deemed to be the 'immediately following business day'. The open ended schemes have a perpetual life. The AMC, the Fund and Trustees reserve the right to make such changes/alterations to the Scheme (including charging of fees and expenses) to the extent permitted by the SEBI Regulations.

However, in terms of the SEBI Regulations, the Scheme may be wound up:

- i. On the happening of any event which, in the opinion of the Trustees, requires the Scheme to be wound up;
- or
- ii. Seventy five percent of the unitholders of the Scheme(s) pass a resolution that the Scheme be wound up; or
- iii. SEBI directs the Scheme to be wound up in the interest of the unitholders.

Where a Scheme is to be wound up pursuant to the above/SEBI Regulations, the Trustees shall give notice of the circumstances leading to the winding up of the Scheme to SEBI; and in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating at the place where the Mutual Fund is established.

Effect of Winding Up

On and from the date of the publication of the notice as stated above, the Trustee or the AMC as the case maybe, shall

-
- Cease to carry on any business activities in respect of the Scheme so wound up;
- Cease to create or cancel units in the Scheme;
- Cease to issue or redeem units in the Scheme.

Procedure and Manner of Winding Up

In the event of the Scheme being wound up, the AMC shall proceed as follows:

- The Trustee shall call a meeting of the unitholders to consider and pass necessary resolutions by simple majority of unitholders present and voting at the meeting for authorizing the AMC or any other person/agency to take the steps for winding up of the Scheme.
- The AMC or the person authorized as above shall dispose of the assets of the Scheme(s) concerned in the best interests of the unitholders of that Scheme.
- The proceeds of the sale made in pursuance of the above, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unitholders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.
- On the completion of the winding up, the AMC shall forward to SEBI and the unitholders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the unitholders and a certificate from the Auditors of the Fund.

Notwithstanding anything contained herein, the application of the provisions of SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.

After the receipt of report referred to in the above, if SEBI is satisfied that all measures for winding up of the Scheme have been completed, the Scheme shall cease to exist.

C. GENERAL INFORMATION

UNDERWRITING

The Scheme may also undertake underwriting and sub-underwriting activities in order to augment its income, after complying with the approval and compliance process specified in the SEBI (Underwriters) Rules and Regulations, 1993 and/or Reserve Bank of India and further subject to the following norms:

- The capital adequacy of the Mutual Fund for the purposes of SEBI (Underwriters) Rules and Regulations, 1993 shall be the net assets of the Scheme.
- The total underwriting obligation of the Scheme shall not exceed 50% of the total net asset value of the Scheme, or such limit as may be stipulated by the AMC and/or Trustees from time to time.
- The decision to take up any underwriting commitment shall be made as if the Scheme is actually investing in that particular security.
- As such, all investment restrictions and prudential guidelines relating to investments, individually and as far as may be applicable, apply to underwriting commitments, which may be undertaken under the Scheme.

These underwriting norms/parameters (as expressed/linked to the net asset/ net asset value/capital) shall in the ordinary course apply as at the date of the most recent transaction of commitment to underwrite, and changes do not have to be effected merely because, owing to appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the unitholders. As such all underwriting and sub-underwriting activities of the Fund will be undertaken in accordance with SEBI (Underwriters) Rules and Regulations, 1993, and the norms as laid down by SEBI Circular dated June 30, 1994, and as amended from time to time.

SECURITIES LENDING

The Fund(as permitted) may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the SEBI / Stock Exchange.

BORROWING BY THE MUTUAL FUND

In terms of Regulations as presently prevailing, a Scheme shall have the power to borrow up to 20% of its net assets outstanding as on the date of borrowing for a period of up to six months or as may be permitted by the prevailing regulations. This borrowing shall be used only for the purpose of paying repurchase proceeds or payment of interest or dividend to the unitholders. The Mutual Fund may tie up with various banks/institutions for the above mentioned facility for which it may have to give a guarantee or the delivery of the shares/other securities held by it as collateral. The limit of 20% may be revised by the Fund and to the extent the Regulations hereafter permit. Borrowing by the Fund House on account of the Scheme will result in the impact of interest on the NAV of the Scheme.

The borrowing limitations/parameters (as expressed/limited to the net assets/ NAV/Capital) shall in the ordinary course apply as of the date of the most recent transaction or commitment to borrow and changes do not have to effected merely because, owing to appreciation or depreciation in value or at any repayment or repurchase or other reason beyond the control of the Fund, any such limit would thereby be breached. If the limit is exceeded for reasons beyond its control, the AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the unitholders.

INTERSCHEME TRANSFER OF INVESTMENTS:

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

(a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation : “spot basis” shall have same meaning as specified by stock exchange for spot transactions.

(b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

SERVICES TO UNITHOLDERS

Investor Services

It is the endeavour of the Fund to provide consistently high quality service to its unitholders. This would encompass all interactions by the unitholders with the Fund. The Fund will strive to upgrade the quality of service through implementation of appropriate technology and through ensuring quality consciousness amongst its service personnel and agencies associated with it. The Fund will endeavour to provide a high degree of convenience for the unitholders' dealing with it. The Fund will strive to constantly increase this level of convenience.

Facilitating Enquiries and Transactions

a) It will be the endeavour of the Fund to extensively use technological tools in rendering unitholder service. The Fund will endeavour to send the Account Statements /transaction confirmation (on account of financial and / or non-financial transactions) e.g., allotment of units in lieu of distribution of periodic dividend, besides periodic information etc. by way of e-mail /SMS, which is speedier and economical. Other financial transactions (subscription of units) can also be conveyed to the unitholders by way of e-mail / SMS, wherever e-mail id and mobile numbers are provided subject to such safe guards the Fund may necessary.

b) Investor Service Centres in select cities:

The AMC shall provide unitholder service through its centers. Unitholders' enquiries and transactions during business hours will be entertained at the AMC's centres at the addresses listed at the end of the Scheme Information Document. Unitholders/investors can also write/e-mail/contact them at the AMC's corporate office at Mumbai. In addition, unitholders may also contact the AMC at its corporate office for any additional service. The AMC will, in course of time, be setting up its own service centres at other major locations to handle unitholder enquiries and transactions, besides providing a high degree of convenience to the unitholders.

c) Meeting in Person:

An Investor Relations personnel of the AMC will be available every business day between normal official hours of the AMC for personal meeting with any unitholder at such locations where AMC has set up an Investor Service Centre. The purpose of this facility is to attend to any query related to investment needs of a unitholder, resolve any unitholder service related queries through the Registrar and to provide such other services that the unitholder desires.

d) Call Center and email queries:

AMC has also set up a centralized Call Center, where investors can call for information regarding their investments, transaction processing status and dispatch related queries. There is also a common email box, wherein investors can write to us.

e)Service Standards

The Fund will follow the below mentioned statutory time schedules on an ongoing basis provided the unitholder furnishes the Mutual Fund with all the required correct and complete supporting legal /other documents.

SERVICE	TIME SCHEDULE
Repurchase Cheque Mailing	Within 10 Business Days
Purchase intimation	Within 5 Business Days electronically, else once a month through CAS / eCAS
Updated Account Statement on a/c of allotment of units in lieu of dividend	Within 5 Business Days electronically, else once a month through CAS / eCAS
Address Change	Within 10 Business Days
Ownership Transmission	Within 10 Business Days
Dispatch of Dividend Proceeds	Within 30 Days

The Fund shall endeavour to meet the service standard well within the above time schedule.

The above mentioned time schedule does not include postal transit time.

SIGNATURE VERIFICATION/INDEMNITY

Certain transactions may require that the unitholder's signature be verified by a bank manager, or a notary public or a magistrate or any other party acceptable to the Fund for the following:-

- To change ownership of a folio/account in case of transmission.
- To add telephone transaction services or other privileges that would be added from time to time.
- To change bank account information designated under an existing plan.
- To have redemption cheque mailed to an address other than the addresses on the folio/account or to the address on the folio/account if it has been changed within the preceding month.
- To issue duplicate unit certificate.
- To exercise redemption request or introduce nomination.

The above is an indication of transactions that may require signature verification that the AMC may insist upon.

REGISTER OF UNITHOLDERS

A register of unitholders shall be maintained electronically or in any other mode at the office of the Registrar and Transfer Agent and also at such other places as the AMC may decide and such register shall be conclusive evidence of ownership. The register may be closed for such time and for such period as the AMC may determine. In the event of closure of the register for a period or periods, appropriate notice shall be given by way of publication in newspaper(s) or other media. Requests for fresh/ongoing sales, repurchase, switching will not be accepted during the period the register is closed and no NAV would be determined / declared.

ASSOCIATE TRANSACTIONS:

I. UNDERWRITING OBLIGATION UNDERTAKEN / SUBSCRIPTION BY PRINCIPAL MUTUAL FUND IN ISSUES OF ASSOCIATES

During last three fiscal years i.e. 2017-2018, 2018-2019 & 2019-2020 the Fund has not undertaken any underwriting obligations with respect to issues of associate companies and have not subscribed to the issues lead managed by associate companies.

II. DETAILS OF TRANSACTIONS WITH ASSOCIATES IN LAST THREE FISCAL YEARS:

A. Transactions with Associates acting as Brokers :

There has been no dealing with Associate Brokers

B. Transactions with Associates for Distribution of Mutual Fund Units

The AMC enters into arrangements with various distributors for distribution of mutual fund units. In this connection, the commission paid for amount mobilized by Distributors (for last three fiscal years) who are / were associates of AMC is detailed below:

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (Rs. Cr. & % of total business received by the fund)		Commission paid (Rs & % of total commission paid by the fund)	
			Amt. (Rs In Cr)	% of total business	Amt. (Rs In Cr)	% of total commission paid
Principal Retirement Advisors Private Limited	Associate	1/4/2019 to 31/03/2020	0.75	0.04%	0.07	0.12%
Principal Retirement Advisors Private Limited	Associate	1/4/2018 to 31/03/2019	1.33	0.05%	0.10	0.33%
Punjab National Bank	Shareholder		1,646.91	11.12%	1.34	4.02%
PNB Gilts Limited	Associate	1/4/2017 to 31/03/2018	-	-	-	-
Principal Retirement Advisors Private Limited	Associate		6.38	0.02%	0.15	0.49%
Punjab National Bank	Shareholder		8,013.43	20.63%	5.87	14.33%
Principal Consulting India Pvt Ltd	Associate		-	-	-	-

- Commission paid to associates has been disclosed on processed basis and business given indicates Gross Mobilisation (net of rejections, if any) during the period for which the commission paid has been disclosed.
- % of total business reflects business given by the Associate, as a percentage of the total business done in the schemes in which the Associate has given business during the period mentioned.
- # Punjab National Bank has ceased to be a shareholder effective August 24, 2018. Hence mobilisation and commission detail for Punjab National Bank(ARN-8418) has been disclosed till August 23, 2018.
- Total Commission paid by the fund refers to Commission paid to all the Distributors

C. Transactions with Associates for Banking and other Services

Particulars	Name of the Associate	2017-2018 (Rs. In Lakhs)	2018-2019 (Rs. In Lakhs)	2019-2020 (Rs. In Lakhs)
Bank charges	Punjab National Bank	0.14	0.03	NIL
Interest Paid on Borrowings	Punjab National Bank	NIL	NIL	NIL

III. POLICY FOR INVESTMENT IN ASSOCIATES

Such investments if any made, will be done on a pure commercial consideration after evaluating the same on the merits and on an arms' length basis for the benefit and interest of PMF and in accordance with the investment objective of the respective Scheme(s) and in compliance with the SEBI (Mutual Funds) Regulations, 1996, and any other regulations in this regard. The Scheme shall not make investment in:

- any unlisted security of an Associate or Group Company of the Sponsor;
- any security issued by way of private placement by an Associate or Group Company of the Sponsor; and
- the listed securities of Group Companies of the Sponsor which is in excess of 25% of the net assets of the Scheme.

Investment in Associate Companies as on 31st March, 2018

AUM in Lacs as on March 31, 2018: Rs. 6,64,226.87/-

Scheme	Atul Ltd	% to AUM* as on 31/03/2018	Larsen & Toubro Ltd.	% to AUM* as on 31/03/2018	Rs. Lakhs	
					Total	% to AUM* as on 31/03/2018
GROWTH	-	-	1,805.06	0.27%	1805.0569	0.27%
INDEX	-	-	72.62	0.01%	72.62386	0.01%
LCAP	-	-	1,034.30	0.16%	1034.3001	0.16%
MINCOM	-	-	133.71	0.02%	133.7118	0.02%
PBF	-	-	2,197.41	0.33%	2197.4092	0.33%
PDYF	-	-	167.14	0.03%	167.13975	0.03%
PEBF	1,604.10	0.24%	-	-	1604.1049	0.24%
PTSF	-	-	942.42	0.14%	942.41912	0.14%
SMART	-	-	198.55	0.03%	198.54891	0.03%
TAX96	-	-	1,119.01	0.17%	1119.0105	0.17%
TOTAL	1604.10492	0.24%	7,670.22	1.15%	9,274.33	1.40%

*AUM of all the Schemes of Principal Mutual Fund as on March 31, 2018

Investment in Associate Companies as on 31st March, 2019

AUM in Lacs as on March 31,2019: Rs. 7,29,453.40/-

Rs.Lakhs

Scheme	Atul Ltd	% to AUM* as on 3/31/2019	Larsen & Toubro Ltd.	% to AUM* as on 3/31/2019	Larsen & Toubro Infotech Ltd.	% to AUM* as on 3/31/2019	Total	% to AUM* as on 3/31/2019
GROWTH	-	-	2,392.36	0.33%	-	-	2,392.36	0.33%
INDEX	-	-	17.54	0.00%	-	-	17.54	0.00%
LCAP	-	-	926.77	0.13%	-	-	926.77	0.13%
MINCOM	-	-	74.81	0.01%	-	-	74.81	0.01%
PBF	-	-	2,876.24	0.39%	1,437.08	0.20%	4,313.32	0.59%
PDYF	-	-	218.18	0.03%	270.71	0.04%	488.90	0.07%
PEBF	2,340.88	0.32%	-	-	2,094.20	0.29%	4,435.07	0.61%
PTSF	-	-	736.85	0.10%	-	-	736.85	0.10%
SMART	-	-	182.85	0.03%	-	-	182.85	0.03%
TAX96	-	-	1,070.31	0.15%	-	-	1,070.31	0.15%
CONAAF	-	-	1.94	0.00%	-	-	1.94	0.00%
MODAAF	-	-	1.16	0.00%	-	-	1.16	0.00%
AGGAAF	-	-	4.59	0.00%	-	-	4.59	0.00%
TOTAL	2,340.88	0.32%	8,503.59	1.17%	3,801.99	0.52%	14,646.46	2.01%

*AUM of all the Schemes of Principal Mutual Fund as on March 31, 2019

Investment in Associate Companies as on 31st March, 2020 is NIL

AUM as on March 31,2020: Rs. 51,42,01,377.16 /-

SCHEME CODE(S)	SCHEME NAME(S)
GROWTH	Principal Multi Cap Growth Fund
INDEX	Principal Nifty 100 Equal Weight Fund
LCAP	Principal Focused Multicap Fund
MINCOM	Principal Equity Savings Fund
PBF	Principal Hybrid Equity Fund
PDYF	Principal Dividend Yield Fund
PEBF	Principal Emerging Bluechip Fund
PTSF	Principal Personal Tax Saver Fund
SMART	Principal Smart Equity Fund
TAX96	Principal Tax Savings Fund
CONAAF	Principal Retirement Savings Fund-Conservative Plan
MODAAF	Principal Retirement Savings Fund-Moderate Plan
AGGAAF	Principal Retirement Savings Fund-Progressive Plan

IV. INVESTMENT OF MORE THAN 25% OF FUNDS NET ASSETS IN ASSOCIATES/GROUP COMPANIES

None of the Schemes of the Fund has invested more than 25% of its Net Assets in the Associates/ Group Companies.

V. NAMES OF ASSOCIATES WITH WHICH FUND PROPOSES TO HAVE DEALINGS

Under the normal circumstances, the Fund, may have dealing with and/or do transactions with or utilize the services of associates of sponsors/AMC. Following is the list of associates as on March 30, 2020:

Sr. No.	Name of the Associate(s)	Sr. No.	Name of the Associate(s)
3.	Principal Trustee Company Private Limited	33	Global Talent Track Private Limited
4.	Principal Financial Group (Mauritius) Limited	34	5f World Private Limited
5.	Principal Financial Services Inc.	35	Kalzoom Advisors Private Limited
6.	Principal Financial Group Inc.	36	Cornerstone Venture Partners Investment Advisers LLP
7.	Principal Global Services Private Limited	37	SVP PHILANTHROPY FOUNDATION
8.	Allright Business Services Private Limited	38	Principal International (South Asia) Sdn.Bhd
9.	Allright Consultancy Private Limited	39	Hinduja Global Solutions Pvt Ltd
10.	KT Cimpex Pvt. Ltd.		
11.	EMPIRETAIL LIFESTYLE PRIVATE LIMITED		
12.	Principal Asset Management Berhad (formerly known as CIMB - Principal Asset Management Berhad)		
13.	Informatics (India) Limited		
14.	Fino Payments Bank Limited		
15.	LHI Digital Private Limited		
16.	Pune City Connect Development Foundation		
17.	Skills Alpha Learning Private Limited		
18.	Inflexion Analytix Private Limited		
19.	FOUNDATION TO EDUCATE GIRLS GLOBALLY		
20.	Principal Financial Group, S.A. de C.V., Grupo Financiero		
21.	5F WORLD (Partnership Firm)		
22.	Pratishruti Foundation		
23.	Principal International (Asia) Limited		
24.	Principal Consulting (India) Private Limited		
25.	Principal Retirement Advisors Private Limited		
26.	Principal International LLC		
27.	Principal International Holding Company LLC		
28.	Madhushree Securities Services LLP		
29.	Dialogue Trading and Consultancy LLP		

30.	Principal International India Ltd	
31.	SP Robotic Works Private Limited	
32.	Zeva Capsol Private Limited	

The details of payment made to Associates (if any) is also disclosed in the Unaudited Half Yearly Financial results and the Annual Accounts of the Scheme(s).

Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

Investor Grievances Redressal Mechanism

Investors may contact the ISCs or the office of the AMC for any queries / clarifications. The Corporate Office of the AMC will follow up with the respective ISC to ensure timely redressal and prompt investor services. Mr. Hariharan Iyer, Head - Operations and Customer Services can be contacted at Exchange Plaza, Ground Floor, B Wing, NSE Building, Bandra Kurla Complex, Bandra(East), Mumbai – 400 051 email: customer@principalindia.com. Toll Free: 1800 425 5600 Fax: +91 22 67720512.

INVESTOR COMPLAINTS AND REDRESSAL

The basic objective of the Fund is to set high standards with regard to unitholder servicing as stated in the earlier clauses. To achieve this end, the Fund has attempted to handle unitholder grievances efficiently and resolve any problems relating to its unitholders. Unitholder grievances are normally received at AMC's corporate office /Centres.

The history of complaints/queries is as follows:

Particulars	Principal Tax Savings Fund	Principal Nifty 100 Equal Weight Fund	Principal Multi Cap Growth Fund	Principal Hybrid Equity Fund
DIRECT				
01/04/2017 to 31/03/2018				
Received	40	0	50	45
Redressed	40	0	50	45
Pending as on 31/03/2018	0	0	0	0
01/04/2018 to 31/03/2019				
Received	46	2	58	101
Redressed	46	2	58	101
Pending as on 31/03/2019	0	0	0	0
01/04/2019 to 31/03/2020				

Particulars	Principal Tax Savings Fund	Principal Nifty 100 Equal Weight Fund	Principal Multi Cap Growth Fund	Principal Hybrid Equity Fund
Received	39	2	49	56
Redressed	39	2	49	56
Pending as on 31/03/2020	0	0	0	0
01/04/2020 to 31/09/2020				
Received	09	0	07	08
Redressed	09	0	07	08
Pending as on 31/09/2020	0	0	0	0
FORWARDED BY SEBI				
01/04/2017 to 31/03/2018				
Received	0	0	1	1
Redressed	0	0	1	1
Pending as on 31/03/2018	0	0	0	0
01/04/2018 to 31/03/2019				
Received	0	0	0	1
Redressed	0	0	0	1
Pending as on 31/03/2019	0	0	0	0
01/04/2019 to 31/03/2020				
Received	0	0	1	0
Redressed	0	0	1	0
Pending as on 31/03/2020	0	0	0	0
01/04/2020 to 31/09/2020				
Received	0	0	0	0
Redressed	0	0	0	0
Pending as on 31/09/2020	0	0	0	0

Particulars	Principal Dynamic Bond Fund	Principal Short Term Debt Fund	Principal Cash Management Fund	Principal Midcap Fund	Principal Equity Savings Fund
DIRECT					
01/04/2017 to 31/03/2018					
Received	2	2	20	0	3
Redressed	2	2	20	0	3
Pending as on 31/03/2018	0	0	0	0	0
01/04/2018 to 31/03/2019					

Particulars	Principal Dynamic Bond Fund	Principal Short Term Debt Fund	Principal Cash Management Fund	Principal Midcap Fund	Principal Equity Savings Fund
Received	0	1	10	0	2
Redressed	0	1	10	0	2
Pending as on 31/03/2019	0	0	0	0	0
01/04/2019 to 31/03/2020					
Received	4	5	8	15	4
Redressed	4	5	8	15	4
Pending as on 31/03/2020	0	0	0	0	0
01/04/2020 to 31/09/2020					
Received	0	0	02	03	01
Redressed	0	0	02	03	01
Pending as on 31/09/2020	0	0	0	0	0
FORWARDED BY SEBI					
01/04/2017 to 31/03/2018					
Received	0	0	0	0	0
Redressed	0	0	0	0	0
Pending as on 31/03/2018	0	0	0	0	0
01/04/2018 to 31/03/2019					
Received	0	0	0	0	0
Redressed	0	0	0	0	0
Pending as on 31/03/2019	0	0	0	0	0
01/04/2019 to 31/03/2020					
Received	0	0	0	0	0
Redressed	0	0	0	0	0
Pending as on 31/03/2020	0	0	0	0	0
01/04/2020 to 31/09/2020					
Received	0	0	0	0	0
Redressed	0	0	0	0	0
Pending as on 31/09/2020	0	0	0	0	0

Particulars	Principal Global Opportunities Fund	Principal Personal Tax Saver Fund	Principal Credit Risk Fund	Principal Low Duration Fund	Principal Dividend Yield Fund	Principal Focused Multicap Fund
DIRECT						
01/04/2017 to 31/03/2018						
Received	0	50	0	23	10	11
Redressed	0	50	0	23	10	11
Pending as on 31/03/2018	0	0	0	0	0	0
01/04/2018 to 31/03/2019						
Received	3	25	3	16	18	27
Redressed	3	25	3	16	18	27
Pending as on 31/03/2019	0	0	0	0	0	0
01/04/2019 to 31/03/2020						
Received	0	31	1	3	13	39
Redressed	0	31	1	3	13	39
Pending as on 31/03/2020	0	0	0	0	0	0
01/04/2020 to 31/09/2020						
Received	0	04	0	0	0	04
Redressed	0	04	0	0	0	04
Pending as on 31/09/2020	0	0	0	0	0	0
FORWARDED BY SEBI						
01/04/2017 to 31/03/2018						
Received	0	0	0	0	0	0
Redressed	0	0	0	0	0	0
Pending as on 31/03/2018	0	0	0	0	0	0
01/04/2018 to 31/03/2019						
Received	0	1	0	1	0	1
Redressed	0	1	0	1	0	1
Pending as on 31/03/2019	0	0	0	0	0	0
01/04/2019 to 31/03/2020						
Received	0	0	0	0	0	1

Particulars	Principal Global Opportunities Fund	Principal Personal Tax Saver Fund	Principal Credit Risk Fund	Principal Low Duration Fund	Principal Dividend Yield Fund	Principal Focused Multicap Fund
Redressed	0	0	0	0	0	1
Pending as on 31/03/2020	0	0	0	0	0	0
01/04/2020 to 31/09/2020						
Received	0	0	0	0	0	0
Redressed	0	0	0	0	0	0
Pending as on 31/07/2020	0	0	0	0	0	0

Particulars	Principal Emerging Bluechip Fund	Principal Ultra Short Term Fund	Principal Balanced Advantage Fund	Principal Retirement Savings Fund	Principal Arbitrage Fund	Principal Small Cap Fund
DIRECT						
01/04/2017 to 31/03/2018						
Received	176	6	5	0	0	0
Redressed	176	6	5	0	0	0
Pending as on 31/03/2018	0	0	0	0	0	0
01/04/2018 to 31/03/2019						
Received	167		9	0	4	0
Redressed	167	8	9	0	4	0
Pending as on 31/03/2019	0	0	0	0	0	0
01/04/2019 to 31/03/2020						
Received	105	3	6	0	1	29
Redressed	105	3	6	0	1	29
Pending as on 31/03/2020	0	0	0	0	0	0
01/04/2020 to 31/09/2020						
Received	24	02	01	0	0	03

Particulars	Principal Emerging Bluechip Fund	Principal Ultra Short Term Fund	Principal Balanced Advantage Fund	Principal Retirement Savings Fund	Principal Arbitrage Fund	Principal Small Cap Fund
Redressed	24	02	01	0	0	03
Pending as on 31/09/2020	0	0	0	0	0	0
FORWARDED BY SEBI						
01/04/2017 to 31/03/2018						
Received	3	0	0	0	0	0
Redressed	3	0	0	0	0	0
Pending as on 31/03/2018	0	0	0	0	0	0
01/04/2018 to 31/03/2019						
Received	3	0	0	0	0	0
Redressed	3	0	0	0	0	0
Pending as on 31/03/2019	0	0	0	0	0	0
01/04/2019 to 31/03/2020						
Received	0	0	0	0	0	0
Redressed	0	0	0	0	0	0
Pending as on 31/03/2020	0	0	0	0	0	0
01/04/2020 to 31/09/2020						
Received	01	0	0	0	0	02
Redressed	01	0	0	0	0	02
Pending as on 31/09/2020	0	0	0	0	0	0

JURISDICTION

Any dispute arising under each Scheme of Principal Mutual Fund shall be subject to the exclusive jurisdiction of the Courts in India.

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

Offices of AMC Identified as Official Point of Acceptance / Investor Service Centres

Principal Asset Management Private Limited (formerly known as Principal Pnb Asset Management Company Private Limited) - OPA & ISC:

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

New Delhi: A-121, 12th Floor, Himalaya House, 23 K. G. Marg, New Delhi – 110 001.

Ahmedabad: 301, 3rd Floor, Amarnath Business Centre-2, St. Xaviers College Corner, Off. C. G. Road, Navrangpura, Ahmedabad - 380 009.

Bengaluru: 410, 4th Floor, Prestige Meridian -1, No.29, M G Road, Bengaluru - 560 001.

Pune: Office No.2, 2nd Floor, Aditya Centeegra, Ferguson College Road, Dnyaneshwar Paduka Chowk, Shivajinagar, Pune - 411 004.

Chandigarh: SCO NO 2471-72, 2ND Floor, Sector 22C, Chandigarh, Pincode - 160 022. Tel: 0172 - 4044467, 4044468

Jaipur: Office Number 445, 4th Floor, Ganpati Plaza, M. I. Road, Jaipur, Pincode - 302 001

Chennai: Amara Sri, Regus Anna Salai, Old No.313, New No.455, Block No.75, 7th Floor, Anna Salai, Teynampet, Chennai – 600018

Hyderabad: Regus Solitaire Business Centre Pvt Ltd., Level 4, 411 Gumidelli Towers, Old Airport Road, Begumpet, Hyderabad – 500016

Lucknow: 406, 4th Floor, Regus Business Centre, Halwasiya Court, Hazratganj, Lucknow - 226 001

Kolkata: The Legacy, 1st Floor, 25-A, Shakespeare Sarani, Kolkata – 700017

Centres of KFin Technologies Private Limited (R&T to Principal Mutual Fund) which have been identified as Official Point of Acceptance:

Agra: 1st Floor, Deepak Wasan Plaza, Behind Holiday Inn, Opp. Megdoot Furnitures, Sanjay Place, Agra-282 002 •

Ahmedabad: Office No. 401, on 4th Floor, ABC-I, Off. C.G. Road, Ahmedabad-380009 • **Ajmer:** 302, 3rd Floor,

Ajmer Auto Building, Opp. City Power House, Jaipur Road, Ajmer - 305 001 • **Alwar:** Office Number 137, First

Floor, Jai Complex Road No – 2, Alwar - 301001, Rajasthan . • **Aligarh:** Sebti Complex Centre Point, in the city of

Aligarh – 202 001, Uttar Pradesh. • **Allahabad:** Saroj Bhawan, Patrika Marg, Civil Lines, in the city of Allahabad –

211 001, Uttar Pradesh • **Amritsar:** 72-A, Taylor's Road, Opp. Aga Heritage Club, Amritsar-143 001 • **Ambala:**

6349, 2nd floor, Nicholson Road, Adjacent Kos Hospital, Ambala Cant, Ambala - 133 001. **Anand:** B-42 Vaibhav

Commercial Center, Nr TVS Down Town Show Room, Grid Char Rasta, Anand-380 001 • **Asansol:** 112/N G. T.

ROAD BHANGA PACHIL, G.T Road Asansol Pin: 713 303; Paschim Bardhaman West Bengal • **Aurangabad:**

Ramkunj Niwas, Railway Station Road, Near Osmanpura Circle, Aurangabad-431 005 • **Bangalore:** No 35, Puttanna

Road, Basavanagudi, Bangalore 560004 • **Bankura:** Ambika Market Complex, Gr. Floor, Nutanganj, Post & Dist

Bankura, Bankura-722 101 • **Bareilly:** 54-CIVIL LINES, Ayub Khan Chauraha, Bareilly, 243001, Uttar Pradesh •

Bellary: Shree Gayathri Towers, #4, 1st Floor, K.H.B.Colony, Gopalaswamy Mudaliar Road, Gandhi Nagar, Bellary

- 583 103. **Belgaum:** Premises No 101 CTS NO 1893, Shree Guru Darshani Tower Anandwadi, Hindwadi, Belgaum

590011 • **Bharuch:** Shop No. 147-148, Aditya Complex, Near Kasak Circle, Bharuch-392 001 • **Bhavnagar:** 303,

Sterling Point, Waghawadi Road, Bhavnagar - 364 001. **Bhilai:** Office No.2, 1st Floor, Plot No. 9/6, Nehru Nagar

[East], Bhilai 490020 **Bhopal:** Kay Kay Business Centre, 133, Zone I, M.P. Nagar, Above City Bank, Bhopal-462

011. **Bhubaneswar:** A/181, Saheed Nagar; Janardan House; Room #: 07; 3rd Floor; Bhubaneswar; Pin-751007;

Orissa **Bokaro:** B-1, 1st Floor, City Centre, Sector-4, Near Sona Chandi Jewellers, Bokaro-827 004 **Burdwan:** Anima

Bhavan, 1st Floor, Holding No. 42, Sreepally, G. T. Road, Burdwan – 713103, West Bengal. • **Chandigarh:** First

floor, SCO 2469-70, Sec. 22-C, Chandigarh, Pin code- 160022 • **Chennai:** Swati Court, Opp to Andhra Club, No.22,

Vijaya Raghav Road, Parthasarathy puram, Tnagar Chennai - 600017 • **Cochin:** Ali Arcade, 1st Floor, Kizhavana

Road, Panampilly Nagar, Near Atlantis Junction, Ernakulam-682 036 • **Coimbatore:** 3rd Floor, Jaya Enclave,

1056/1057 Avinashi Road, Coimbatore-641 018 • **Cuttack:** Dargha Bazar Police station Dargha Bazar Po - Buxi

Bazar -Cuttack, Pincode -753001 • **Dehradun:** Kaulagarh Road, Near Sirmaur Margabove, Reliance Webworld,

Dehradun-248 001 • **Dhanbad:** 208 New Market, 2nd Floor, Bank More, Dhanbad-826 001 • **Durgapur:** Mwav-16

Bengal Ambuja, 2nd Floor, City Centre, 16 Dt Burdwan, Durgapur-713 216 • **Faridabad:** A-2B 3rd Floor, Neelam

Bata Road Peer ki Mazar, Nehru Groundnit, Faridabad, 121001 • **Ghaziabad:** FF - 31, Konark Building, Rajnagar, Pin

code: 201003, Ghaziabad, Uttar Pradesh • **Goa:** Flat No. 1-A, H. No. 13/70, Timotio Bldg. Heliodoro Salgado Road, Next to Navhind Bhavan (Market Area), Panaji, Goa - 403 001 • **Gonda:** House No. 782, Shiv Sadan, ITI Road, Near Raghukul Vidya Peeth, Civil Lines, Gonda – 271 001, Uttar Pradesh. • **Gaya:** Hotel Skylark; Swaraipuri Road, Gaya-823001, Bihar. • **Gorakhpur:** Above V.I.P. House adjacent, A.D. Girls College, Bank Road, Gorakhpur-273 001 • **Gurgaon:** 2nd Floor, Vipul Agora, M. G. Road, in the city of Gurgaon, Haryana, 122001 • **Guntur:** D No 6-10-27, Srinilayam, Arundelpet, 10/1, Guntur - 522 002. • **Guwahati:** 1st Floor, Bajrangbali Building, Near Bora Service Station, G.S. Road, Guwahati - 781 007 • **Gwalior:** 2nd Floor, Rajeev Plaza, Jayendra Ganj, Lashkar, Gwalior. M.P.-474 009 • **Haldwani:** Shop No. 5, KMVN Shopping Complex, Haldwani – 263139, Uttarakhand. • **Hubli:** R R Mahalaxmi Mansion, Above Indusind Bank, 2nd Floor, Desai Cross, Pinto Road, Hubballi 580029 . • **Hyderabad:** Karvy HOUSE, No. 46, 8-2-609/K, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. • **KARVY SELENIUM,** Plot No. 31 & 32, Tower B, Survey No. 115 /22, 115/24 & 115/25, Financial District, Gachibowli, Nanakramguda, Serlingampally Mandal, Ranga Reddy District, Hyderabad - 500 032 • **Indore:** 2nd Floor, 203-205, Balaji Corporates, Above ICICI Bank, 19/1 New Palasia, Indore-452 001 • **Jabalpur:** Grover Chamber, 43 Naya Bazar Malviya Chowk, Opp. Shyam Market, Jabalpur-482 00 • **Jaipur:** Office Number 101, 1st Floor, Okay Plus Tower, Next to Kalyan Jewellers, Government Hostel Circle, Ajmer road, Jaipur – 320001, Rajasthan • **Jalandhar:** Office No 7, 3rd Floor, City Square building, E-H197 Civil Lines, Jalandhar 144001 • **Jalgaon:** 269 Jae Vishwa, 1st Floor, Above United Bank of India, Baliram Peth, Near Kishor Agencies, Jalgaon - 425 001 • **Jammu:** Gupta's Tower, 2nd Floor, CB-12, Rail Head Complex, Jammu-180 012 • **Jamnagar:** 131 Madhav Plaza, Opp. Sbi Bank, Nr Lal Bungalow, Jamnagar-361008. • **Jamshedpur:** Madhukunj, 3rd Floor, Q Road, Sakchi, Bistupur, East Singhbhum, Jamshedpur-831001 • **Jodhpur:** 203, Modi Arcade, Chopasni Road, Jodhpur-342 001 • **Junagadh:** 124-125 Punit Shopping Center, M.G. Road, Ranavav Chowk, Junagadh-362 001 • **Kanpur:** 15/46, B, Gr. Floor, Opp. Muir Mills, Civil Lines, Kanpur-208 001 • **Karnal:** 18/369, Char Chaman, Kunjpura Road, Behind Miglani Hospital, Karnal-132 001. • **Karimnagar:** 2nd Shetter, HNo. 7-2-607 Sri Matha Complex,, Mankammathota, KarimNagar, Telangana, 505001 • **Kolhapur:** 605/1/4, E Ward, Shahupuri 2nd Lane, Laxmi Niwas, Near Sultane Chambers, Kolhapur-416 001 • **Kolkata:** Apeejay House (Beside Park Hotel), 15 Park Street, C Block, 3rd Floor, Kolkata-700 016 • **Kota:** 259, 1st Floor, Near Lala Lajpat Rai Circle, Shopping Centre, Kota-324 007 • **Kurnool:** Shop No:47, 2nd Floor, S komda Shopping mall, Kurnool, 518001. • **Lucknow:** 1st Floor, A. A. Complex, Thaper House, 5 Park Road, Hazratganj, Lucknow - 226 001 • **Ludhiana:** SCO 122, Second floor, Above Hdfc Mutual fund, Feroze Gandhi Market, Ludhiana 141001 • **Madurai:** G-16/17, AR Plaza, 1st floor, North Veli Street, Madurai-625010 • **Malda:** Ram Krishna Pally; Ground Floor; English Bazar; Malda, Pin: 732101; West Bengal; • **Mangalore:** Mahendra Arcade, Opp. Court Road, Karangal Padi, Mangalore-575 003 • **Meerut:** H No 5, Purva Eran, Opp Syndicate Bank, Hapur Road, Meerut, 250001, Uttar Pradesh • **Mehsana:** Ul-47, Apollo Enclave, Opp. Simandhar Temple, Modhera Cross Road, Mehshana-384 002. • **Moradabad:** Chadha Complex, G. M. D. Road, Near Tadi Khana, Chowk, in the city of Moradabad – 244 001, Uttar Pradesh • **Mumbai:** 24/B, Raja Bahadur Compound, Ambalal Doshi Marg, Behind BSE Bldg., Fort, Mumbai-400 001 • **Mumbai - Borivali:** Gomati Smuti, Ground Floor, Jambli Gully, Near Railway Station, Borivali (West), Mumbai - 400 092 • **Mumbai - Thane:** 101, Yashwant Building, Ram Ganesh, Godkari Path, Ram Maruti Road, Naupada, Thane-400 602 • **Mumbai - Vashi:** CWing Flat NO. 324 1st Floor, Vashi Plaza, Sector 17 Vashi, Navi Mumbai, Pincode 400 703 • **Mumbai -Chembur:** Shop No 4, Ground Floor, Shram Safliya Bldg, N G Acharya Marg, Chembur, Mumbai - 400071 • **Mumbai -Vile Parle:** Shop No: 1, Ground Floor, Dipti Jyothi Cooperative Hsg Society, Near MTNL Office, P M Road, Vile Parle East Mumbai 400057. • **Muzaffarpur:** 1st Floor, Saroj Complex, Diwam Road, Near Kalyani Chowk, Muzaffarpur, Bihar, 842001, Bihar • **Mysore:** L-350, Silver Tower, Ashoka Road, Opp. Clock Tower, Mysore-570 001 • **Nadiad:** 104/105, Near Paras Cinema, City Point Nadiad, Nadiad-387 001 • **Nagpur:** Plot No. 2/1, House No 102/1, Mangaldeep Apartment, Mata Mandir Road, Opp. Khandelwal Jewelers, Dharampeth, Nagpur-440 010 • **Nasik:** S-9, Second Floor, Suyojit Sankul, Sharanpur Road, Nashik - 422 002. • **Navsari:** 103, 1st Floor, Landmark Mall, Near Sayaji Library, Navsari - 396 445, Gujarat. • **New Delhi:** 305, New Delhi House, 27, Barakhamba Road, New Delhi -110 001 • **Noida:** F - 21, Sector - 18, in the city of Noida, Uttar Pradesh, Noida, 201301. • **Panipat:** 1st Floor, Java Complex, Above Vijaya Bank, G.T. Road, Panipat-132103 • **Patiala:** SCO-27 D, Chotti Baradari, Near Car Bazaar, Patiala-147 001 • **Patna:** 3-A, 3rd Floor, Anand Tower, Exhibition Road, Opp. ICICI Bank, Patna-800 001 • **Pune:** Mosaic building, 3rd Floor, CTS no 1216/1, Fergusson College Road, Shivaji Nagar, Pune, Pincode- 411004 • **Raipur:** Office No S-13, Second Floor, Raheja Tower, Fafadih Chowk, Jail Road, Raipur (C.G.) - 492 001 • **Rajahmundry:** D.No.6-1-4, Rangachary Street, T.Nagar, Near Axis Bank Street, Rajahmundry - 533 101. • **Rajkot:** 302, Metro Plaza, Near Moti Tanki Chowky, Rajkot, Gujarat - 360 001 • **Ranchi:** Room No. 307, 3rd Floor, Commerce Tower, Beside Mahabir Tower, Ranchi-834001 • **Rourkela:** 2nd floor, main road, udit nagar, rourkela; sundargarh; pin: 769012; Orissa • **Salem:** No. 40, 2nd Floor, Brindavan Road, Fairlands, Near Perumal Koil, Salem-636 016 • **Shillong:** Annex Mani Bhawan, Lower Thana Road, Near R K M Lp School, Shillong-793 001 • **Shimla:** 1st Floor, Hills View Complex, Near Tara Hall, Shimla-171001. • **Siliguri:** 2nd Floor, Nanak Complex, Sevoke Road, Siliguri-734001 • **Surat:** G-5, Empire State Building,

Near Udhna Darwaja, Ring Road, Surat-395002. **Gandhinaga** 123, First Floor, Megh Malhar Complex, Opp.Vijay Petrol Pump, Sector- 11, Gandhinagar, Gujarat, Pin code – 382011. • **Tirupathi**: H.No:10-13-425, 1st Floor, Tilak Road, Opp. Sridevi Complex, Tirupathi - 517 501. **Tirunelveli**: 55/18, Jeney Building, S.N. Road, Near Aravind Eye Hospital, Tirunelveli-627 001 • **Trichur**: 2nd Floor, Brothers Complex, Naikkanal Junction, Shornur Road Near Dhanalakshmi Bank H O, Thrissur-680 001 • **Trichy**: No 23C/1 E V R road, Near Vekkaiammam Kalyana Mandapam, Putthur, Trichy – 6200017, Tamilnadu • **Trivandrum**: 2nd Floor, Akshaya Tower, Sasthamangalam, Trivandrum-695 010 • **Udaipur**: 201-202, Madhav Chambers, Opp. GPO, Chetak Circle, Udaipur-313 001 • **Vadodara**: 203, Corner point, Jetalpur Road, Vadodara - 390 007 • **Valsad**: 406 Dreamland Arcade, Opp Jade Blue, Tithal Road, Valsad -396001, Gujarat. • **Vapi**: Shop No. 12, Ground Floor, Sheetal Appartment, Near K.P. Tower, Vapi-396 195 • **Varanasi**: D-64/132, 2nd Floor , KA, Mauza, Shivpurwa, Settlement Plot No 478, Pargana : Dehat Amanat, Mohalla Sigra,Varanashi,221010,Uttar Pradesh • **Vellore**: No. 1, M. N. R. Arcade, Officers Line, Krishna Nagar, Vellore-632 001 • **Vijayawada**: 39-10-7, Opp. Municipal Water Tank, Labbipet, Vijayawada-520 010 • **Visakhapatnam**: DNO : 48-10-40, Ground Floor, Surya Ratna Arcade, Srinagar, Opp Roadto Lalitha Jeweller Showroom , Beside Taj Hotel Ladge,Visakhapatnam – 530016b • **Warangal**: Shop No22 , Ground Floor Warangal City Center,15-1-237, Mulugu Road Junction, Warangal Pin-506002.

In addition to above, for all the Schemes, Eligible Brokers/Clearing Members/Depository Participants as defined in the SID will be considered as the Official Point of Acceptance for the transactions preferred through the MFSS.

Points of Service (“POS”) of MF UTILITIES INDIA PRIVATE LIMITED (“MFUI”) as Official Point of Acceptance: The Online Transaction Portal of MF Utility is www.mfuonline.com and the list of POS of MFUI is published on the website of MFUI at www.mfuindia.com as updated from time to time.

Name, Address and Website of Registrar:

KFin Technologies Private Limited. (Unit: Principal Mutual Fund),

Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal | Hyderabad - 500032.

• Tel.: (040) 2331 2454. • www.kfintech.com
