

TO THE UNITHOLDERS OF PRINCIPAL PNB FIXED MATURITY PLAN - SERIES B16

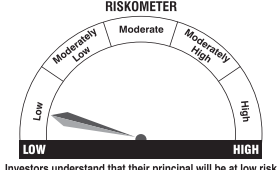
Dear Unitholder,

Thank you for investing with Principal Mutual Fund.

As you would be aware, Principal Pnb Fixed Maturity Plan - Series B16 was launched as a close ended debt scheme with a tenor of 1094 days (i.e., maturing on April 27, 2017).

Pursuant to the enabling provisions of the Scheme Information Document of the scheme, and in accordance with the provisions under Regulation 33(4) of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, as amended till date and subject to compliance with relevant regulatory provisions and/or requirements of the Depositories (NSDL & CDSL) and of National Stock Exchange, it is proposed to roll over Principal Pnb Fixed Maturity Plan - Series B16, for a further period of 6 Days.

The features of Principal Pnb Fixed Maturity Plan - Series B16 (proposed to be Rolled Over) ("the Scheme") are as follows:

Type	A Close-ended debt scheme offering Fixed Maturity Plan						
Duration	1094 days commencing from April 30, 2014						
Purpose & Rationale for Roll Over	To enable unitholders to avail the benefit of long term capital gains tax on their redemption/ maturity proceeds in accordance with the current applicable relevant CBDT rules, as their holding period in the FMP will be longer than 3 years.						
Maturity Date (Post roll over)	May 3, 2017* * The Scheme will be wound up on completion of its tenure. If maturity date and / or payout date happens to be a non-business day(s), then the maturity and /or payout date of the Scheme shall be the next business day immediately following the non-business day(s). Pending payment of maturity proceeds to the investors on the completion of Scheme tenure, the funds may be deployed in CBLO, REPO or similar instruments. Income earned on such deployment of funds shall be included in the redemption NAV.						
Investment objective	To build an income oriented portfolio and generate returns through investment in Debt/Money Market Instruments and Government Securities.						
Investment Strategy	The Scheme will invest in a portfolio of Debt/Money Market and Government Securities maturing on or before the date of the maturity of the Scheme.						
Investment Plan(s)/ Option(s)	The Scheme has two Plans i.e. Regular Plan & Direct Plan with a common portfolio and separate NAVs. Each of the Plans mentioned above offers Growth and Dividend Option. The Dividend Option under both the Plans has the facility of Payout and Sweep. Investors who provide their consent to roll over shall be rolled over in the same Plan/Option, as selected by them at the time of allotment.						
Benchmark	CRISIL Short Term Bond Fund Index (CRISIL STBEX)						
Product Label	This product is suitable for investors who are seeking* <ul style="list-style-type: none"> Income over a short term investment horizon Investment in Debt & Money Market Instruments, with maturity on or before the maturity of the scheme. *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	 <p style="text-align: center;">RISKOMETER</p> <p style="text-align: center;">LOW HIGH</p> <p style="text-align: center;">Investors understand that their principal will be at low risk</p>					
Investment Pattern	Under normal circumstances, the asset allocation pattern of the Scheme would be as follows:						
	Instrument	Indicative allocations (% of total assets)		Risk Profile			
		Minimum	Maximum				
	Debt	70	100	Low to Medium			
	Money Market Instruments	0	30	Low to Medium			
	The cumulative gross exposure through Debt and Money Market Instruments will not exceed 100% of the net assets of the Scheme. The Scheme has no intention to invest in Securitized Debt, Credit Default Swap, Derivatives and Foreign Debt Instruments including Foreign Securitized Debt and/or participate in Short Selling & Securities Lending. Further, the Scheme shall not invest in Debt & Money Market Instruments issued by Companies predominantly engaged in Real Estate Sector, Airline and Gems & Jewelry and in repos of Corporate Bonds and Equity Linked Debentures.						
Intended Asset Allocation Range (Post roll-over)	The Scheme intends to invest in the following securities within the floor and ceiling limit as indicated in the table below, within a range of 5% of the intended allocation:						
		Credit Rating (%)					
		A1+	AAA	AA	A	BBB	Not Applicable
	Certificate of Deposits (CDs)	0-5					
	Commercial Papers (CPs)	0-5					
	Non-Convertible Debentures (NCDs)/Bonds		0-5				
	G-Sec/T-Bills						0-5
	Cash & Cash Equivalent with includes CBLO/reverse repo/units of debt or liquid mutual fund schemes						95-100

	<p>Notes:</p> <p>a) All investments will be made basis the rating prevailing at the time of Investment. If dual ratings are prevailing for any particular instrument in which investment is being made, the Fund would consider the most conservative publicly available rating for the said instrument, for e. g. if for a particular investment CRISIL has rated it as AAA, but ICRA has rated it as AA then the Fund would consider it as AA rated instrument.</p> <p>b) The Scheme has no intention to invest in unrated debt instrument.</p> <p>c) The rating symbols as specified in the above intended allocation range would include modifiers like + (plus) / - (minus) (which reflects the comparative standing within the Category) to each rating symbol viz. AA would include AA+ or AA-. Securities with Rating AA will include AA+ and AA-. Similarly, securities with Ratings A1 will include A1+</p> <p>d) The Scheme reserves the right to invest in another scheme under the same AMC or any other Mutual Fund, subject to investment restriction as prescribed in the SEBI(Mutual Funds) Regulations, 1996 in this regard.</p> <ul style="list-style-type: none"> The Scheme shall ensure that the total exposure in a particular sector (determined as per AMFI classification) (Excluding investments in Bank CDs, CBLO, Government Securities, T-Bills and AAA rated securities issued by Public Financial Institution and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. <p>Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies(HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/exposure in HFCs shall not exceed 25% of the net assets of the Scheme.</p> <p>There would be no variation between the intended portfolio and the final portfolio, subject to the following:</p> <p>(i) Positive variation in investment toward higher credit rating in the same instrument may be allowed.</p> <p>(ii) The order of risk-reward in instrument categories could be considered as Certificate of Deposits (CD) being of lower risk compared to CP/NCDs. The Fund Manager can deploy funds in CDs (with highest rating category i.e. A1+) or Collateralized Borrowing and Lending Obligation (CBL) or Government Securities (G-sec) or Treasury bill (T-bills), in case Commercial Papers (CPs)/ Non - Convertible Debentures (NCDs)/Bonds, are not available or the Fund Manager is of the view that the risk-reward is not in the best interest of the Unit holders. Similarly, the Fund Manager can deploy funds in G-sec or T-bills or CBL, in case CDs are not available or the Fund Manager is of the view that the risk-reward is not in the best interest of the Unit holders.</p> <p>(iii) At the time of building up the portfolio post NFO and towards the maturity of the Scheme, the Fund Manager may deploy (upto 100 %) the funds in cash/cash equivalents/in units of money market/liquid schemes of Principal Mutual Fund and/any other mutual Fund in terms of applicable regulations, for temporary period.</p> <p>(iv) Changes in the investment pattern will be for defensive considerations and the intention being at all times to seek to protect the interests of the Unit Holders and may be caused due to reason such as non - availability of the appropriate assets as mentioned in the above asset allocation matrix or due to perceived weakness in the credit worthiness of the issuer of the assets which are held in the portfolio during the tenor of the Scheme. Such deviations shall be reviewed periodically and the Fund Manager shall do the rebalancing of the portfolio within 30 days from the date of the deviation to bring it in alignment with the asset allocation pattern as indicated above.</p>										
Exit Load	Not Applicable										
Expenses of the Scheme	Annual Recurring Expenses as a Percentage of Average Daily Net Assets.										
	<table border="1"> <thead> <tr> <th>Average Daily Net Assets</th> <th>(%)</th> </tr> </thead> <tbody> <tr> <td>On first Rs. 100 crores</td> <td>2.25%</td> </tr> <tr> <td>On the next Rs. 300 crores</td> <td>2.00%</td> </tr> <tr> <td>On the next Rs. 300 crores</td> <td>1.75%</td> </tr> <tr> <td>On the balance of assets</td> <td>1.50%</td> </tr> </tbody> </table>	Average Daily Net Assets	(%)	On first Rs. 100 crores	2.25%	On the next Rs. 300 crores	2.00%	On the next Rs. 300 crores	1.75%	On the balance of assets	1.50%
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Liquidity	Being a close ended listed scheme, the AMC shall not entertain requests for redemptions/switches upto the date of Maturity of Rolled Over Scheme. Investors wishing to exit may do so through stock exchange. On maturity of the Rolled Over Scheme, the outstanding Units shall be redeemed at the NAV of the maturity date and proceeds will be paid to the Unit holders.										
NAV Calculation	All Business Days										

Principal Pnb Fixed Maturity Plan - Series B16

Net Assets and Net Asset Value	Regular Plan Growth option	Regular Plan Dividend option	Direct Plan Dividend option	Direct Plan Growth option
Net Assets as on March 31, 2017 (in Rs. Crore)	17.04	0.12	0.08	8.86
Net Asset Value (NAV) per unit as on March 31, 2017	12.7447	12.7447	12.9567	12.9567

The Portfolio Statement of Principal PNB Fixed Maturity Plan - Series B16 as on March 31, 2017 is disclosed as Annexure I.

Notes:
The roll over will be carried out only for those unitholders who expressly provide their written consent to Principal Mutual Fund by signing the consent form provided in Annexure- II and sending the same to our Investor Service Centres or to any of the official points of acceptance of transactions by 3:00 p.m on April 27, 2017.
The Trustee / AMC reserves the right to withdraw the roll over offer, if required in the interest of the unitholders.
Further, if the unitholders do not wish to opt for roll over, they may opt to switch their funds to other schemes of Principal Mutual Fund. The switch - out will be carried out only for those unitholders who expressly provide their written consent to Principal Mutual Fund by completing and signing the relevant section as provided in Annexure- II and sending the same to our Investor Service Centres or to any of the official points of acceptance of transactions by 3:00 p.m on April 27, 2017.
The unitholders, who do not provide their written consent as mentioned in above by submitting the consent form/switch application by 3:00 p.m on April 27, 2017, the units held by them will be fully redeemed at applicable NAV as on April 27, 2017.
For any queries or further assistance please call us on 1800 266 2050 between 9:00 am to 6:00 pm (Monday to Friday) and speak to any of our Client Relations Officers. We shall be glad to serve you.

Date: April 10, 2017

Place: Mumbai

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

ANNEXURE I

Portfolio Statement of Principal Pnb Fixed Maturity Plan Series B16 as on March 31, 2017

Sr. No.	Name of Instrument	Rating/Industry	Quantity (Rs. In lakhs)	Market value	% to Net Assets
	BONDS & NCDs				
	Listed / awaiting listing on the stock exchanges **				
1	9.90% Bajaj Finance Ltd.	CRISIL AAA	40	400.56	15.35%
	Total			400.56	15.35%
	Investment Funds/Mutual Funds				
2	Principal Cash Management Fund - Direct Plan - Growth Option	Mutual Fund	136,993	2,170.03	83.15%
	Total			2,170.03	83.15%
	CBLO / Reverse Repo Investments			2.82	0.11%
	Total			2.82	0.11%
	Cash & Cash Equivalents				
	Net Receivable/Payable			36.47	1.39%
	Total			36.47	1.39%
	GRAND TOTAL			2,609.87	100.00%

All corporate ratings are assigned by rating agencies like CRISIL; CARE; ICRA; IND.

**Thinly traded/Non traded securities and illiquid securities as defined in SEBI Regulations and Guidelines.



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