

14. Details of investment made by any scheme in company which has invested in any scheme of Principal Mutual Fund in excess of 5% of net assets of that scheme as on September 30, 2005 (Contd.)							
Name Company (Investor)	Scheme in which investment is made by Company	Schemes by which investment is made in securities of the company	Aggregate investment by schemes in securities of the company during 01.10.2003 to 30.09.2005		Aggregate Investment outstanding as on September 30, 2005 (At Market Value)		
			Nature of Investment	(Rupees in Lacs)	Nature of Investment	(Rupees in Lacs)	
Infrastructure Development Finance Company Ltd	Principal Income Fund - Short Term Plan, Principal Floating Rate Fund - Short Maturity Plan	Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Dividend Yield Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund, Principal Junior Cap Fund, Principal Child Benefit Fund	Equity Shares	1,949.45	Equity Shares	1,081.10	
		Principal Deposit Fund - Plan 54EAE/B, Principal Floating Rate Fund - Flexible Maturity Plan, Principal Floating Rate Fund - Short Maturity Plan, Principal Income Fund, Principal Cash Management Fund - Liquid Option, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Income Fund - Short Term Plan	Debt	6,012.98	Debt	-	
ICICI Bank	Principal Global Opportunities Fund, Principal Cash Management Fund - Liquid Option, Principal Floating Rate Fund - Short Maturity Plan	Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan - MIP Plus, Principal Tax Savings Fund, Principal Balanced Fund	Equity Shares	1,850.38	Equity Shares	16.35	
		Principal Deposit Fund - Plan 54EAE/B, Principal Floating Rate Fund - Flexible Maturity Plan, Principal Floating Rate Fund - Short Maturity Plan, Principal Income Fund, Principal Cash Management Fund - Liquid Option, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Income Fund - Short Term Plan	Debt	43,724.65	Debt	34,298.21	
		Principal Cash Management Fund - Liquid Option, Principal Income Fund - Short Term Plan, Principal Deposit Fund - 91 Days Fixed Maturity Plan Aug 2004, Principal Deposit Fund - 371 Days Fixed Maturity Plan Jan 2004, Principal Floating Rate Fund - Short Maturity Plan	Term Deposit	16,720.00	Term Deposit	-	
ITC	Principal Income Fund - Short Term Plan	Principal Child Benefit Fund, Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	5,772.14	Equity Shares	1,324.44	
Reliance Energy	Principal Cash Management Fund - Liquid Option	Principal Index Fund, Principal Balanced Fund	Equity Shares	485.93	Equity Shares	4.23	
		Principal Monthly Income Plan	Debt	521.91	Debt	-	
Indian Rayon	Principal Cash Management Fund - Money at Call Option	Principal Equity Fund, Principal Growth Fund, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	959.83	Equity Shares	-	
Ashok Leyland	Principal Cash Management Fund - Money at Call Option	Principal Growth Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Dividend Yield Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund, Principal Junior Cap Fund, Principal Focussed Advantage Fund	Equity Shares	4,990.86	Equity Shares	951.48	
Indo-Gulf Fertilisers	Principal Floating Rate Fund - Flexible Maturity Plan, Principal Deposit Fund - 91 Days Fixed Maturity Plan Aug 2004	Principal Junior Cap Fund, Principal Resurgent India Equity Fund	Equity Shares	882.39	Equity Shares	1,222.32	
Indusind Bank	Principal Floating Rate Fund - Short Maturity Plan	Principal Floating Rate Fund - Short Maturity Plan, Principal Cash Management Fund - Liquid Option, Principal Income Fund - Short Term Plan, Principal Floating Rate Fund - Flexible Maturity Plan	Debt	16,471.10	Debt	15,619.21	
		Principal Deposit Fund - 371 Days Fixed Maturity Plan Jun 2004, Principal Cash Management Fund - Liquid Option, Principal Deposit Fund - 91 Days Fixed Maturity Plan Jun 2004	Term Deposit	19,674.41	Term Deposit	1,500.00	
Infosys Technologies	Principal Cash Management Fund - Liquid Option	Principal Child Benefit Fund, Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	10,330.65	Equity Shares	2,382.59	
Reliance Industries	Principal Floating Rate Fund - Short Maturity Plan, Principal Cash Management Fund - Liquid Option, Principal Floating Rate Fund - Flexible Maturity Plan	Principal Child Benefit Fund, Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	15,574.01	Equity Shares	5,037.56	
		Principal Floating Rate Fund - Flexible Maturity Plan, Principal Floating Rate Fund - Short Maturity Plan, Principal Income Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Income Fund - Short Term Plan, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2005, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2004, Principal Cash Management Fund - Liquid Option	Debt	14,000.65	Debt	3,572.45	
Power Trading Corporation	Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2004	Principal Child Benefit Fund, Principal Equity Fund, Principal Growth Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Resurgent India Equity Fund, Principal Tax Savings Fund, Principal Balanced Fund	Equity Shares	509.44	Equity Shares	-	
Jet Airways	Principal Floating Rate Fund - Flexible Maturity Plan, Principal Floating Rate Fund - Short Maturity Plan, Principal Income Fund - Short Term Plan, Principal Deposit Fund - 91 Days Fixed Maturity Plan Mar 2004	Principal Equity Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Tax Savings Fund, Principal Child Benefit Fund	Equity Shares	510.01	Equity Shares	226.86	
Manuli Udyog	Principal Deposit Fund - 371 Days Fixed Maturity Plan Jun 2004, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2005, Principal Floating Rate Fund - Short Maturity Plan, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2004	Principal Child Benefit Fund, Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund, Principal Balanced Fund	Equity Shares	8,751.20	Equity Shares	5.96	
Patni Computers	Principal Deposit Fund - 371 Days Fixed Maturity Plan Jun 2004	Principal Child Benefit Fund, Principal Equity Fund, Principal Growth Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	2,092.76	Equity Shares	-	
Raymond	Principal Deposit Fund - 371 Days Fixed Maturity Plan Jun 2004, Principal Deposit Fund - 91 Days Fixed Maturity Plan Feb 2005, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2005, Principal Monthly Income Plan - MIP Plus, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2004	Principal Resurgent India Equity Fund, Principal Junior Cap Fund, Principal Growth Fund	Equity Shares	1,200.13	Equity Shares	1,148.13	
		Principal Cash Management Fund - Liquid Option, Principal Income Fund, Principal Income Fund - Short Term Plan	Debt	9,513.36	Debt	-	
Sterile Industries	Principal Floating Rate Fund - Short Maturity Plan, Principal Income Fund, Principal Income Fund - Short Term Plan, Principal Floating Rate Fund - Flexible Maturity Plan	Principal Junior Cap Fund, Principal Resurgent India Equity Fund	Equity Shares	1,745.59	Equity Shares	2,002.92	
		Principal Cash Management Fund - Liquid Option, Principal Junior Cap Fund, Principal Floating Rate Fund - Short Maturity Plan	Debt	8,500.00	Debt	-	
Hindustan Zinc *****	Principal Deposit Fund - 91 Days Fixed Maturity Plan Jan 2005, Principal Floating Rate Fund - Short Maturity Plan, Principal Cash Management Fund - Money at Call Option, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2004	Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund, Principal Child Benefit Fund	Equity Shares	2,407.54	Equity Shares	136.61	
Sun Pharmaceutical Industries	Principal Deposit Fund - 371 Days Fixed Maturity Plan Nov 2004, Principal Deposit Fund - 91 Days Fixed Maturity Plan Feb 2005, Principal Deposit Fund - 371 Days Fixed Maturity Plan Jan 2004, Principal Deposit Fund - 371 Days Fixed Maturity Plan Jun 2004	Principal Child Benefit Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	1,926.91	Equity Shares	131.17	
		Principal Cash Management Fund - Liquid Option	Debt	3,000.00	Debt	-	
Tata Consultancy Services	Principal Income Fund - Short Term Plan, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2005	Principal Equity Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund, Principal Child Benefit Fund	Equity Shares	3,071.50	Equity Shares	604.24	
Tata Iron & Steel Company	Principal Cash Management Fund - Liquid Option	Principal Child Benefit Fund, Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	6,893.35	Equity Shares	519.78	
Tata Motors	Principal Deposit Fund - 91 Days Fixed Maturity Plan Aug 2004, Principal Deposit Fund - 91 Days Fixed Maturity Plan Jan 2005, Principal Floating Rate Fund - Flexible Maturity Plan, Principal Floating Rate Fund - Short Maturity Plan, Principal Cash Management Fund - Liquid Option, Principal Income Fund - Short Term Plan, Principal Deposit Fund - 371 Days Fixed Maturity Plan Mar 2004	Principal Child Benefit Fund, Principal Equity Fund, Principal Focussed Advantage Fund, Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - MIP Plus, Principal Balanced Fund, Principal Personal Tax Saver Fund, Principal Resurgent India Equity Fund, Principal Tax Savings Fund	Equity Shares	8,731.72	Equity Shares	1,743.70	
Videsh Sanchar Nigam	Principal Deposit Fund - 91 Days Fixed Maturity Plan Jan 2005, Principal Floating Rate Fund - Short Maturity Plan, Principal Cash Management Fund - Liquid Option, Principal Income Fund - Short Term Plan, Principal Deposit Fund - 91 Days Fixed Maturity Plan Aug 2004	Principal Index Fund, Principal Balanced Fund	Equity Shares	192.12	Equity Shares	3.75	

* Ultratech Cement is a subsidiary of Grasim Industries Limited ** Bihar Caustics is a subsidiary of Hindalco Industries Limited *** Indian Aluminium is a subsidiary of Hindalco Industries Limited **** HCL Infosystems is a subsidiary of HCL Technologies Limited ***** IDBI Capital Market Services is a subsidiary of IDBI Limited ***** IDBI Housing Finance is a subsidiary of IDBI Limited
***** Hindustan Zinc Limited is a subsidiary of Sterile Industries

Most of the above securities were purchased from the open secondary/primary market at relevant market/offer prices over a period of time based on the approved investment strategy. All the securities pertain to highly rated blue-chip companies.

The AMC is of the view that the above investments are considered sound and in line with the investment objective of the relevant schemes.

Notes:

- Principal Junior Cap Fund was launched on May 12, 2005; the date of allotment was June 30, 2005. Hence the figure at the beginning of the half-year period is not available.
 - The per unit dividend figures given above are net of dividend distribution tax, wherever applicable.
 - Details of borrowings by various schemes of the mutual fund are as below:
- | Name of the scheme | Purpose | Date of Borrowing | Amount Borrowed (Rs.) | Amount Borrowed as % of Net Assets | Amount paid as Interest (Rs.) |
|--|------------|-------------------|-----------------------|------------------------------------|-------------------------------|
| Principal Focussed Advantage Fund | Redemption | 15-Apr-05 | 100,000.00 | 0.00% | 45.21 |
| Principal Cash Management Fund - Liquid Option | Redemption | 06-Jul-05 | 155,934,243.89 | 0.64% | 45,925.00 |
| Principal Growth Fund | Redemption | 10-Aug-05 | 1,526,487.39 | 0.04% | 753.00 |
| Principal Growth Fund | Redemption | 10-Aug-05 | 8,049,068.75 | 0.21% | 3,087.31 |
| Principal Growth Fund | Redemption | 10-Aug-05 | 2,149,267.62 | 0.06% | 633.00 |
- During the period under review there has been no change in the Accounting Policies.
 - Other Income for Principal Equity Fund pertains to recovery towards fully provided Non Performing Assets.
 - None of the Schemes have declared bonus during the period under review.
 - None of the Schemes have exposure in derivative products during the period under review.
 - Schemes / Plans closed / redeemed during the half year ended September 30, 2005

9. Details of Investment made in Foreign Securities as on 30/09/2005

Name of the scrip	Market value of Investment (Rs. in lakhs)
3M COMPANY	32.45
ATLAS COPCO AB	96.35
BASF AG	56.48
COLGATE-PALMOLIVE COMPANY	62.74
DENSO CORPORATION	44.72
THE GILLETTE COMPANY	60.97
HONDA MOTOR CO. LTD.	77.29
IMPERIAL CHEMICAL INDUSTRIES PLC.	70.84
INGERSOLL-RAND COMPANY LTD.	78.28
MAZDA MOTOR CORPORATION	42.55
MITSUBISHI CORPORATION	69.59
NESTLE S.A.	25.88
NOVARTIS AG	22.86
SKF AB	96.62
SULZER AG	85.10
SUMITOMO CORPORATION	88.40
SUMITOMO WIRING SYSTEM LTD.	24.85
THE TIMKEN COMPANY	36.09
WYETH	74.33
Total of International Equity Holdings	1,146.39

For and on behalf of
Principal Pnb Asset Management Company Pvt. Ltd.

Place : Mumbai
Date : October 21, 2005

Sd/-
Sanjay Sachdev
Managing Director & CEO

Statutory Details: Principal Mutual Fund has been constituted as a trust with Principal Financial Group (Mauritius) Limited, Punjab National Bank and Vijaya Bank as the co-settlers. **Sponsor:** Principal Financial Services Inc., USA. **Trustee:** Principal Trustee Company Private Limited. **Investment Manager:** Principal Pnb Asset Management Company Private Limited. **Risk Factors:** Mutual funds and securities are subject to market risks and there can be no assurance and no guarantee that the objectives of Principal Mutual Fund can be achieved. As with any investment in securities, the NAV of the units issued under the Scheme(s) can go up or down, depending up on the factors and forces affecting the capital markets. Past performance of the Sponsor/AMC/Principal Mutual Fund/Punjab National Bank/Vijaya Bank does not indicate or guarantee the future performance of the Scheme(s) of Principal Mutual Fund. Principal Cash Management Fund (An open end liquid Scheme: Investment Objective is to provide investors with a high level of income from short term instruments. The Scheme will focus on preserving investors' capital and liquidity. Investments will be made in money market and in investment grade debt instruments.); Principal Income Fund (An open-ended income scheme: Investment Objective is to generate regular income and capital appreciation through investment in debt and related securities); Principal Income Fund - Short Term Plan (An open-ended income scheme: Investment objective is the same as that of Principal Income Fund. However, the scheme is designed to achieve stable returns over shorter-term investment horizons); Principal Monthly Income Plan (An open-ended fund. Monthly income is not assured and is subject to the availability of distributable surplus: Investment Objective is to generate regular income through debt investments and long term capital appreciation by investing a portion in equity); Principal Monthly Income Plan - MIP Plus (An open-ended fund: Monthly income is not assured and is subject to the availability of distributable surplus. Investment Objective is to generate regular income through investments in fixed income securities so as to make periodical income distribution to unitholders and also to generate long term capital appreciation by investing a portion of the Scheme's assets in equity and equity related instruments.); Principal Balanced Fund (An open-ended balanced scheme: Investment Objective is to provide periodic returns and capital appreciation through a judicious mix of equity and debt instruments, minimizing capital erosion.); Principal Growth Fund (An open-ended equity scheme: Investment Objective is to achieve long term capital appreciation.); Principal Index Fund (An open-ended index scheme: Investment objective is to invest in securities that comprise S&P CNX Nifty(NSE) in the same proportion so as to attain results commensurate with the Nifty); Principal Government Securities Fund (An open-ended dedicated gilt scheme: Investing in Government Securities: Investment Objective is to generate risk free returns through investments in sovereign securities issued by the Central Government and/or State Government.); Principal Deposit Fund (An open-ended debt scheme: Investment Objective is to build a high quality income oriented portfolio and provide returns along with regular liquidity to investors.); Principal Child Benefit Fund (An open-ended growth scheme: Investment Objective is to generate regular returns along with capital appreciation to enable lumpsum capital growth to the beneficiary.); Principal Equity Fund (An open-ended equity scheme: Investment Objective is to achieve long term capital appreciation.); Principal Tax Savings Fund (An open-ended equity-linked savings scheme: Investment Objective is to build a high quality growth oriented portfolio to provide long term capital gains to the investor. The scheme aims at providing returns through capital appreciation over the life of the scheme); Principal Trust Benefit Fund (An open-ended income scheme: Investment Objective is to build a high-quality income-oriented portfolio and provide returns and/or capital appreciation along with regular liquidity to a distinct class of investors with special needs); Principal Global Opportunities Fund (An Open-ended Growth Scheme: The investment objective is to build a high quality International Equity portfolio out of the permissible investments as defined and permitted under the regulations from time to time, and provide returns and/or capital appreciation along with regular liquidity to the investors); Principal PNB Debt Fund (An Open-ended debt scheme: Investment Objective is to generate regular income and capital appreciation through investment in debt and related securities.); Principal Money Value Bond Fund (An Open-ended income Scheme: Investment Objective is to generate an attractive return for its investors consistent with capital preservation and liquidity by investing in a portfolio of high quality, income providing debt securities and money market instruments.); Principal Resurgent India Equity Fund (An Open-ended Equity Scheme: Investment Objective: The scheme will endeavor to generate long-term capital appreciation by predominantly investing in equity and equity related securities of Indian companies, which represent turnaround, restructuring or acquisition-led growth opportunities); Principal Personal Tax Saver Fund (An Open-ended Equity Linked Savings Scheme: Investment Objective is to provide long-term growth of capital); Principal Floating Rate Fund (An Open-ended Income Scheme: Investment Objective is to generate income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, fixed rate debt instruments swapped for floating rate return, and also fixed rate instruments and money market instruments.); Principal Focussed Advantage Fund (An Open-ended Equity Scheme: The investment objective of the scheme would be to provide capital appreciation and/or dividend distribution by investing in companies from a maximum of six sectors, depending upon their growth prospects and valuation at any given point in time.); Principal Dividend Yield Fund (An Open-ended Equity Scheme: Investment Objective is to provide capital appreciation and/or dividend distribution by investing predominantly in a well diversified portfolio of companies that have a relatively high dividend yield); Principal Junior Cap Fund (An Open-ended Equity Scheme: The investment objective of the scheme is to provide capital appreciation and/or income in the form of dividend by investing predominantly (at least 65% of net assets) in the equity and equity related instruments of the companies within the market capitalization range of the companies comprising CNX Nifty (Nifty Index) are only the name of the Schemes and do not in any manner indicate either the quality of the Scheme or their future prospects or returns. Investors are therefore urged to read the Offer Document carefully, and consult their legal/tax/investment advisor before they invest in the scheme. The Sponsor is not responsible or liable for any loss resulting from the operations of the Principal Mutual Fund beyond the initial contribution of an amount of Rs.25 lakhs towards setting up Principal Mutual Fund. Investors in the scheme are not being offered a guaranteed or assured rate of return or monthly or regular/periodical income distribution, and the actual returns and/or periodical income distribution to an investor will be based on the actual NAV, which may go up or down, depending on the market conditions. Investment of the Scheme's assets in fixed income securities is subject to credit risk, interest rate risk, settlement risk and liquidity risk. **Scheme specific risk factors are mentioned in the Offer Document. Please refer to the Offer Documents of the respective schemes before investing.**