

Investments in NCDs of Dewan Housing Finance Corporation Ltd. (DHFL)

Feb 4, 2019

Recently, a news portal has made allegations against DHFL about various issues relating to the company and its promoters. The Management and Promoters of DHFL, vide their “Media Statement” dated Jan 30, 2019*, have categorically and unequivocally denied all the allegations. Further, the Company vide its letter dated Jan 31, 2019*, has stated that it has also appointed an independent Chartered Accountant firm to verify the allegations and submit a report to the audit committee of the Board.

*Source: www.bseindia.com

The following schemes of Principal Mutual Fund have investments in DHFL NCDs as on January 31,

Fund Name	DHFL Exposure (Amt in Crs)
Principal Low Duration Fund	47.27
Principal Hybrid Equity Fund	34.59
Principal Short Term Debt Fund	25.10
Principal Credit Risk Fund	7.97
Principal Balanced Advantage Fund	7.57
Principal Dynamic Bond Fund	6.80
Principal Corporate Bond Fund	1.08

The total exposure is of Rs. 130.38 Crores. The NCD's are maturing in August 2019 (Rs. 9.86 Crore); September 2019 (Rs. 73.82 Crores); and June 2021 (Rs. 46.70 Crores). We do not have any exposure to any other group companies.

The Management of DHFL has publicly spoken of monetizing its non-core assets and has been successful in meeting all its debt obligations so far – repaying loans of Rs 17,876 Crores since September 2018 through sell down / securitization of its assets.

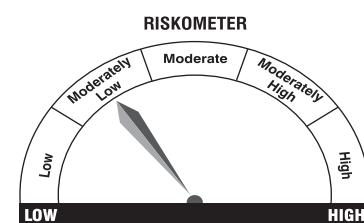
DHFL NCD's long term rating has recently being revised to AA+ by CARE and BWR.

We continue to monitor the company closely and engage with their management to ascertain the further developments in this situation.

Principal Low Duration Fund (An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months)

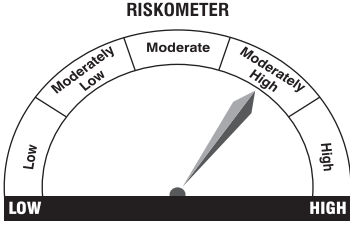
This Product Is Suitable For Investors Who Are Seeking ~ -

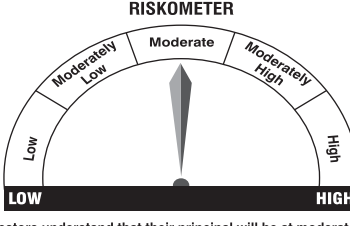
- Income over a short term investment horizon.
- Investment in Debt & Money Market Instruments.



Investors understand that their principal will be at moderately low risk

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

<p>Principal Hybrid Equity Fund (An open ended hybrid scheme investing predominantly in equity and equity related instruments)</p>	 <p>Investors understand that their principal will be at moderately high risk</p>
<p>This Product Is Suitable For Investors Who Are Seeking ~ -</p> <ul style="list-style-type: none"> Income and Long term Capital Growth. Investment in equity & equity related securities, debt/money market securities as well as derivatives. 	
<p>Principal Balanced Advantage Fund (An Open-ended dynamic asset allocation fund)</p> <p>This Product Is Suitable For Investors Who Are Seeking ~ -</p> <ul style="list-style-type: none"> Long term Capital Growth. Investment in equity & equity related securities including equity derivatives as well as Debt/Money Market securities through a systematic allocation of Funds between Equity & Debt on the basis of the Price Earnings Ratio of Nifty 50. 	
<p>~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	

<p>Principal Corporate Bond Fund (An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds)</p>	 <p>Investors understand that their principal will be at moderate risk</p>
<p>This Product Is Suitable For Investors Who Are Seeking ~ -</p> <ul style="list-style-type: none"> Income over a Medium to long term investment horizon. Investment in AA+ and above Rated Corporate Bond & other Debt and Money Market Instruments. 	
<p>Principal Dynamic Bond Fund (An open ended dynamic debt scheme investing across duration)</p>	
<p>This Product Is Suitable For Investors Who Are Seeking ~ -</p> <ul style="list-style-type: none"> Income over a long term investment horizon. Investment in Debt & Money Market Instruments. 	
<p>Principal Credit Risk Fund (An open ended debt scheme predominately investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds))</p>	
<p>This Product Is Suitable For Investors Who Are Seeking ~ -</p> <ul style="list-style-type: none"> Income over a Medium to long term investment horizon. Investment in AA and below Rated Corporate Debt & other Debt and Money Market Instruments. 	
<p>Principal Short Term Debt Fund (An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years)</p>	
<p>This Product Is Suitable For Investors Who Are Seeking ~ -</p> <ul style="list-style-type: none"> Income over a medium term investment horizon. Investment in Debt & Money Market Instruments. 	
<p>~ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	

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