Valuation of Equity Shares of Yes Bank Limited

Ministry of Finance has notified vide The Gazette of India ref. CG-DLE-13032020-218653 on March 15, 2020 on the 'Yes Bank Limited Reconstruction Scheme, 2020', advising the Depository Participants that shares of 'Yes Bank Limited' to the extent of 75% held by existing shareholders as on the date of commencement of the said scheme i.e. March 13, 2020 shall be locked in for a period of three years.

We are holding Equity Shares (#35,448 shares) of Yes Bank Limited in Principal Nifty 100 Equal Weight Fund. Out of the above 8,862 shares (25%) is saleable immediately and balance 26,586 shares (75%) can be sold after a period of 3 years.

Since 75% of the shares are not saleable in the market for a longer period of 3 years, Principal Mutual Fund has decided to mark down the value of 75% of the holdings to zero (with 100% illiquidity discount).

The remaining 25% of the shares are continued to be valued at the current market price of INR 37.10.

The impact of the above valuation on the NAV as of March 16, 2020 is 0.73%.

Additionally, NSE has issued a notification on March 16, 2020 that the Index Maintenance Sub-Committee (IMSC) has decided to accelerate the removal of Yes Bank Limited from NIFTY 50 and NIFTY Bank and also remove it from all NIFTY equity indices w.e.f Thursday, March 19, 2020 (close of March 18, 2020).

Update based on approach of treatment of locked-in shares suggested by AMFI

The Weightage of the security as of March 16, 2020 is 0.24%.

Any realization post three-year lock-in will be distributed to the set of investors existing as on March 13, 2020.

DISCLAIMER: The information provided in this material is publicly available information and is dated, hence may not be relevant in future. Information gathered and used in this material is believed to be from reliable sources. It should be noted that the value of investments in mutual fund schemes and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Past performance may or may not be sustained in the future. There is no assurance of any capital protection/capital guarantee to the investors in the Scheme. For scheme specific risk factors, asset allocation and more details, please read the SID, Statement of Additional Information and Key Information Memorandum of the schemes available on www.principalindia.com

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