

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.

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