

Press Release

March 6, 2020

Proposed Creation of Segregated Portfolio(s) in Nippon India Strategic Debt Fund, Nippon India Credit Risk Fund, Nippon India Hybrid Bond Fund, Nippon India Equity Hybrid Fund and Nippon India Equity Savings Fund.

Securities and Exchange Board of India (SEBI) vide its circular number SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 has permitted Asset Management Companies to create segregated portfolio of debt and money market instruments of mutual fund schemes, in order to ensure fair treatment to all investors, in case of a credit event and to deal with liquidity risk.

Nippon India Strategic Debt Fund, Nippon India Credit Risk Fund, Nippon India Hybrid Bond Fund, Nippon India Equity Hybrid Fund and Nippon India Equity Savings Fund (“**the Schemes**”) have exposure in perpetual bonds issued by Yes Bank Limited (“**the Issuer**”) under Additional Tier 1 (AT1) Basel III framework.

Brief Background on Yes Bank Limited

The financial position of Yes Bank Ltd. (“**the bank**”) had been undergoing a steady decline largely due to inability of the bank to raise capital to address potential loan losses and resultant downgrades, triggering invocation of bond covenants by investors, and withdrawal of deposits.

Considering these developments, the Reserve Bank (RBI) has recommended to the Central Government for imposing a moratorium under section 45 of the Banking Regulation Act, 1949. Accordingly, the Central Government has imposed moratorium for the period from 18:00 hrs on March 5, 2020 up to and inclusive of April 3, 2020. Further, RBI in consultation with Central Government, has superseded the Board of Directors of Yes Bank Ltd. for a period of 30 days and has appointed Shri Prashant Kumar, ex-DMD and CFO of State Bank of India as the administrator.

In the meantime, RBI has assured the depositors that their interest will be fully protected and will explore and draw up a scheme under Banking Regulation Act in the few days for banks reconstruction or amalgamation with the approval of Government.

Additional Tier 1 (AT1) Bonds Information Memorandum (IM): As per the IM, in case the authorities decide to reconstitute the bank or amalgamate the bank under Sec 45 of Banking Resolution act 1949, the bank will be deemed as non – viable or approaching non – viability and the trigger for write down/ conversion of the Additional Tier 1 bonds will be activated.

Keeping in view above facts, and as a prudent measure and in order to protect the value of existing unitholders of the schemes of Nippon India Mutual Fund (NIMF), we had marked down the perpetual bonds of Yes Bank Limited in the holding schemes to zero on March 5, 2020.

Further, fresh inflows in these schemes had been limited to INR 2.00 lacs per day per scheme per investor, till further notice, for the new applications, switch-ins, Systematic transfer plans, systematic investment plans received after the cut off time on March 5, 2020.

The details of debt security(ies) issued by Yes Bank Limited in the Schemes as on March 5, 2020 are as follows:

Scheme Name	Security Name	ISIN	% Market Value
Nippon India Hybrid Bond Fund	9.5% Yes bank Ltd Perpetual Basel III AT1	INE528G08352	0.00 %
Nippon India Hybrid Bond Fund	9% Yes bank Ltd Perpetual Basel III AT1	INE528G08394	0.00 %
Nippon India Credit Risk Fund	9.5% Yes bank Ltd Perpetual Basel III AT1	INE528G08352	0.00 %
Nippon India Credit Risk Fund	9% Yes bank Ltd Perpetual Basel III AT1	INE528G08394	0.00 %
Nippon India Strategic Debt Fund	9.5% Yes bank Ltd Perpetual Basel III AT1	INE528G08352	0.00 %
Nippon India Strategic Debt Fund	9% Yes bank Ltd Perpetual Basel III AT1	INE528G08394	0.00 %
Nippon India Equity Hybrid Fund	9.5% Yes bank Ltd Perpetual Basel III AT1	INE528G08352	0.00 %
Nippon India Equity Hybrid Fund	9% Yes bank Ltd Perpetual Basel III AT1	INE528G08394	0.00 %
Nippon India Equity Savings Fund	9% Yes bank Ltd Perpetual Basel III AT1	INE528G08394	0.00 %

Latest Development and Proposed Action Plan

As per the draft release “Yes Bank Limited reconstruction scheme 2020” by the Government of India dated March 6, 2020, the instruments qualifying as AT1 Capital, issued by Yes Bank Ltd. under Basel III framework, shall stand written down permanently.

Further as on March 6, 2020, rating agency ICRA has downgraded the rating of Yes Bank Limited to “D”, i.e., below investment grade.

In view of these developments, it is proposed to create segregated portfolio of securities of Yes Bank Limited held in the schemes with effect from March 6, 2020, **subject to approval from the Board of Directors of Nippon Life India Trustee Limited (formerly known as Reliance Capital Trustee Co. Ltd) (the Trustees)**. Further, processing of subscriptions and redemptions in the schemes would be suspended on the day of the credit event (March 6, 2020) till Trustee approval for segregation is received, as per Regulatory guidelines.

Suspension of processing of subscription/ redemption is applicable to fresh subscription, additional subscription, switch-in, subscription by way of Systematic Investment Plan (SIP) including existing SIPs, Systematic Transfer Plan (STP) including existing STPs or subscription by way on any other mode(s)/facility(ies), full & partial redemption, switch outs and withdrawals through any mode such as Systematic Withdrawal Plan (SWP).

Further no dividend will be declared on the said date.

Moreover, the subscription limit of INR 2 Lakh per day per scheme per investor introduced earlier on 5th March 2020 in Nippon India Strategic Debt Fund, Nippon India Credit Risk Fund, Nippon India Hybrid Bond Fund, Nippon India Equity Hybrid Fund, Nippon India Equity Savings Fund and Nippon India Retirement Fund – Wealth Creation, would stand rescinded.

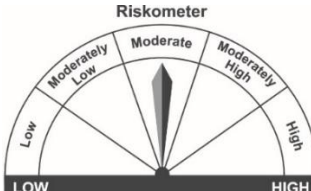
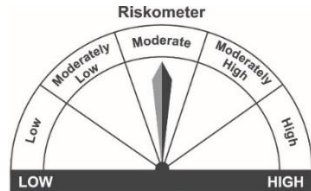
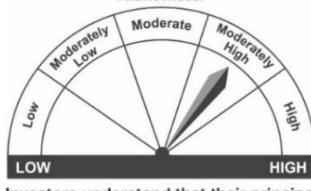
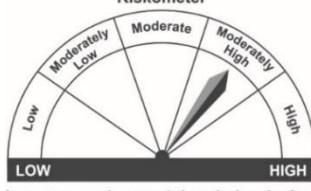
All other terms and conditions as mentioned in the SID/KIM of the above-mentioned schemes shall remain unchanged.

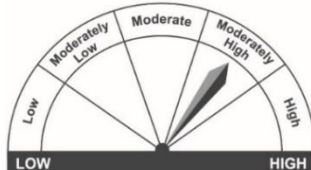
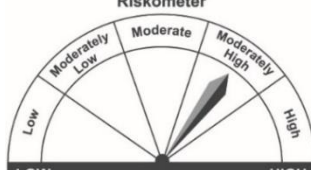
Impact of Segregation (subject to the approval from the Trustee) on the Investors

- All investors in the schemes as on the day of creation of segregated portfolio shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.

- Once the segregated portfolio is created, no subscription and redemption will be allowed in the segregated portfolio of the captioned schemes.
- Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
- Upon recovery of money from the segregated portfolio, whether partial or full, it will be distributed to the investors in proportion to their holding in the segregated portfolio
- AMC will enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
- AMC will disclose separate NAVs of segregated and main portfolios from the date of creation of segregated portfolio.

Product Labels

<p>Nippon India Strategic Debt Fund[^] Nippon India Strategic Debt Fund - Segregated Portfolio 1 (An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 to 4 years)</p>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Income over medium term • Investment predominantly in debt and money market instruments with portfolio Macaulay Duration of 3 - 4 yrs <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Riskometer</p>  <p>LOW HIGH</p> <p>Investors understand that their principal will be at Moderate risk</p>
<p>Nippon India Credit Risk Fund[^] Nippon India Credit Risk Fund - Segregated Portfolio 1 (An open ended debt scheme predominantly 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 medium term • Investment predominantly in AA and below rated corporate bonds <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Riskometer</p>  <p>LOW HIGH</p> <p>Investors understand that their principal will be at Moderate risk</p>
<p>Nippon India Hybrid Bond Fund[^] Nippon India Hybrid Bond Fund - Segregated Portfolio 1 (An open ended hybrid scheme investing predominantly in debt instruments)</p>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Regular income and capital growth over long term • Investment in debt & money market instruments and equities and equity related securities <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Riskometer</p>  <p>LOW HIGH</p> <p>Investors understand that their principal will be at Moderately High risk</p>
<p>Nippon India Equity Hybrid Fund[^] Nippon India Equity Hybrid Fund - Segregated Portfolio 1 (An open ended hybrid scheme investing predominantly in equity and equity related instruments)</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 and equity related instruments and fixed income instrument <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Riskometer</p>  <p>LOW HIGH</p> <p>Investors understand that their principal will be at Moderately High risk</p>

<p>Nippon India Equity Savings Fund[^] Nippon India Equity Savings Fund - Segregated Portfolio 1 (An open ended scheme investing in equity, arbitrage and debt)</p>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Income and Capital Appreciation over long term • Investment predominantly in arbitrage opportunities between cash & derivative market and in unhedged equity <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Riskometer</p>  <p>LOW HIGH Investors understand that their principal will be at Moderately High risk</p>
<p>Nippon India Retirement Fund - Wealth Creation (An open ended retirement solution oriented scheme having a lock-in of 5 years or till retirement age (whichever is earlier))</p>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Long term growth and capital appreciation • Investing primarily in Equity and equity related instruments and balance in fixed income securities so as to help the investor in achieving the retirement goals. <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Riskometer</p>  <p>LOW HIGH Investors understand that their principal will be at Moderately High risk</p>

[^]Investors are requested to note that a segregated portfolio is created in the scheme(s). For complete details kindly refer the Scheme Information Document of the respective scheme(s).

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