PRESS RELEASE

UTI Mutual Fund

Update on UTI Mutual Fund's exposure to DHFL

On June 4, 2019, Dewan Housing Finance Ltd. (DHFL) had interest and principal payments due to the tune of approx. Rs. 1,100 crore to the industry / investors and the company failed to repay on the scheduled date. As per the standard haircut table for sub-investment grade debt securities which has been provided / finalized by valuation agencies (CRISIL and ICRA) and AMFI, UTI MF had taken a 75% markdown to DHFL debt securities in the schemes that have an exposure to DHFL.

Subsequently, on June 5, 2019, CRISIL, ICRA and CARE downgraded its rating on the Commercial Paper (CP) / Non - Convertible Debentures (NCD) of DHFL to 'D', based on delay in debt servicing due to inadequate liquidity, modest capital position and modest earnings. The rating revision takes into account the recent instance of delay in servicing of obligations with respect to some of the non-convertible debentures by DHFL due to prolonged liquidity stress. (Source: Press Release of CRISIL, ICRA and CARE as on June 5, 2019)

In light of the above development UTI MF anticipates that there would be enhanced pressure and legal action on DHFL from all creditors, including exercise of early redemption clause and legal options by various lenders. This is expected to further delay the recovery efforts of the company in disposal of its assets in an orderly manner. Furthermore, there is no secondary market for such securities in the current scenario. Considering the high level of uncertainty as to recovery timelines and value, UTI MF has increased the markdown to DHFL debt securities from 75% to 100% in the schemes which has an exposure to DHFL. If there is any recovery in future, the provision will be written back to the scheme(s) on actual receipt basis.

Furthermore, in line with the above development and in order to safeguard the interests of the existing investors in these funds, UTI MF has introduced an exit load in the UTI Treasury Advantage Fund, UTI Ultra Short Term Fund, UTI Short Term Income Fund, UTI Dynamic Bond Fund and UTI Bond Fund effective from June 7, 2019. The introduction of the exit load is on prospective basis **(i.e. will be applicable only to investors who invest in these schemes from 7th June 2019 onwards and NOT TO EXISTING INVESTMENTS)** and has been done to deter speculative action in the funds and to safeguard the interests of the existing investors.

About UTI Mutual Fund
UTI Mutual Fund is a SEBI registered mutual fund whose Sponsors are State Bank of India, Punjab National Bank, Bank of Baroda and Life Insurance Corporation of India.

UTI Mutual Fund is one of the largest mutual funds in India with investor accounts of over 1 crore under its 190 domestic schemes / plans as on April 30, 2019.

Mumbai
June 7, 2019

Registered Office: UTI Tower, 'Gn' Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051. Phone : 022-66786666. For more information please contact the nearest UTI Financial Centre or your AMFI/NISM certified UTI Mutual Fund independent Financial Advisor (IFA) for a copy of Statement of Additional Information, Scheme Information Document and Key Information Memorandum cum Application Form**. Mutual Fund Investments are subject to market risks, read all scheme related documents carefully**