

**PRESS RELEASE**

**16/08/2019**

**Update on (i) Sundaram Short Term Debt Fund (ii) Sundaram Low Duration Fund (iii) Sundaram Short Term Credit Risk Fund and (iv) Sundaram Debt Oriented Hybrid Fund**

Chennai, August 16, 2019: SEBI vide circular dated December 28, 2018 has allowed mutual funds to create segregated portfolio of debt and money market instruments in case of a credit event subject to certain conditions.

Sundaram Asset Management Company Limited (AMC) has already sent individual written communication as well as released a notice in newspapers for enabling provision of segregated portfolio in the captioned schemes. Investors have been provided 30 days' load free exit period to redeem from the schemes. The 30 days' load free exit period will expire on 30<sup>th</sup> August 2019.

The above said schemes have investments in the NCDs of Dewan Housing Finance Corporation Ltd (DHFL). We had earlier intimated the downgrading of its ratings by the credit rating agencies and consequent valuation impact vide our communication dated 7<sup>th</sup> June 2019.

DHFL has informed the stock exchanges on August 8, 2019 that *given the ongoing discussions on the resolution plan with the lenders who have signed the inter-creditor agreement (ICA), the Company believes that its payment obligations falling due in the immediate future, may not be met as per their existing schedule.*

AMC has been informed by the custodians of the schemes not to recognise the interest on the NCDs of DHFL falling due on 16<sup>th</sup> August 2019. Taking into consideration the above facts, the AMC decided to treat this as an event of default for the said schemes and decided to write off the principal and interest aggregating to Rs.52.21 cr., on 16<sup>th</sup> August 2019 as detailed hereunder:

<b>Scheme Name</b>	<b>Security</b>	<b>Principal Valuation as on 15.08.2019 (Rs. in cr.)</b>	<b>Interest Accrued as on 15.08.2019 (Rs. in cr.)</b>
Sundaram Short Term Debt Fund	9.05% Dewan Housing Finance Corporation Ltd-NCD-09/09/2019	8.75	2.32
	Dewan Housing Finance Corporation Ltd-9.10%-09/09/2019		
Sundaram Low Duration Fund	9.05% Dewan Housing Finance Corporation Ltd-NCD-09/09/2019	22.25	6.06
	Dewan Housing Finance Corporation Ltd-9.10%-09/09/2019		
	9.10%-Dewan Housing Finance Corporation Ltd-16/08/2019		
Sundaram Short Term Credit Risk Fund	11.55%_Prev 11.45%-Dewan Housing Finance Corp Ltd-12/09/2019	9.71	1.77
	9.10%-Dewan Housing Finance Corporation Ltd-16/08/2019		
Sundaram Debt Oriented Hybrid Fund	11.55%_Prev 11.45%-Dewan Housing Finance Corp Ltd-12/09/2019	1.25	0.10

AMC proposes to segregate NCDs of DHFL invested by the captioned fixed income schemes of Sundaram Mutual Fund. The segregation shall be subject to Trustees approval.

Ongoing subscription in the captioned schemes has already been suspended. Further, in view of the specific provision in the circular, redemption on one day will be stopped i.e on 19<sup>th</sup> August 2019. The restriction on redemption on one day will not impact the investors as they will get the benefit of segregated portfolio to be created post exit period.

#### **Impact on the Investors**

- 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.
- All investors in the captioned 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 of the respective schemes.
- 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.
- Once the segregated portfolio is created, no subscription and redemption will be allowed in the segregated portfolio of the captioned schemes.

Place: Chennai  
Date: August 16, 2019

**For Sundaram Asset Management Company Ltd.**  
**P. Sundararajan**  
**Secretary & Compliance Officer**

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