

## Update on Investments in Yes Bank Limited – NCD (10<sup>th</sup> Nov 2020)

### Background

Since 06<sup>th</sup> March 2020, the Basel II Lower Tier II Bond (ISIN -INE528G08246) in Sundaram Equity Hybrid Fund was valued at Zero as per the price provided by Valuation agencies. On 24<sup>th</sup> March 2020, the ICRA rating was upgraded to “BB+” and CARE rating was continued at “B”. The hair cut price provided by valuation agencies were not considered and it was continued to value at zero by deviating from the valuation agencies prices based on certain grounds.

### The rationale for considering the Valuation agencies prices

The coupon payment on the above securities were due on 31/10/2020 (holiday) and the same was received in full on 02/11/2020.

Security Name	YES BANK - NCD-9.90%-31/10/2022
Face Value per unit	10,00,000
Coupon @ 9.90%	9.90%
Total Face Value	2 Crores
Total Interest	Rs. 19,80,000

Also, based on earlier committee recommendation, the interest accrued till March 20 was written off and no further accrual was made. Hence, the entire amount received is considered as interest income.

Further, on account of due servicing by the company, from 02/11/2020, the hair cut price provided by Valuation agency was considered for valuation. Also, the interest is accrued at 50% of coupon rate as per SEBI guidelines. The impact on the AUM is provided below:

Particulars	Rs. In Crs
Interest accounted	0.198
Valuation impact	0.901
<b>Total Impact</b>	<b>1.099</b>
AUM as on 02/11/2020	1,536.09
% impact	0.07%

On 10<sup>th</sup> Nov 2020, the CARE rating was upgraded to “BBB” and hence the interest accrual was revised to 100% of coupon rate.

Place: Chennai

Date: 10 Nov 2020

For **Sundaram Asset Management Company Limited**

**P Sundararajan**

Secretary & Compliance Officer

<p>For more information please contact:  <b>Sundaram Asset Management Company Ltd</b>          (Investment Manager to Sundaram Mutual Fund)          CIN: U93090TN1996PLC034615</p>	<p><b>Corporate Office:</b> 1st &amp; 2nd Floor, Sundaram Towers, 46, Whites Road, Royapettah, Chennai-14.</p> <p>Contact No. (India) 1860 425 7237,          (NRI) +91 44 2345 2215 Fax: +91 44 2841 8108.  <a href="http://www.sundarammutual.com">www.sundarammutual.com</a></p> <p><b>Regd. Office:</b> No. 21, Patullos Road, Chennai 600 002.</p>
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**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**