

CRISIL AAaf Rating for two Sundaram funds

Sundaram Money Fund	AAaf (Assigned)
Sundaram Floating Rate Fund – Short Term Plan	AAaf (Assigned)

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The assigned rating indicates that the portfolio holdings of Sundaram Money Fund and Sundaram Floating Rate Fund – Short Term Plan provides strong protection against losses from credit defaults. The Funds are managed by Sundaram Asset Management Company Limited (SAMCL). The ratings are not an opinion on SAMCL's willingness or ability to make timely payments to investors or on the stability of the Fund's net asset value, since these could vary with market developments.

The Sponsor of the Sundaram Mutual Fund is Sundaram Finance Limited. Sundaram Finance Limited is a non-banking finance company. In addition to vehicle financing, the Sundaram Finance group offers a broad spectrum of financial products to its retail customers, including mutual funds, home loans, and general insurance products. Sundaram Finance Limited also has a presence in the BPO and IT segments through its divisions Sundaram Business Services and Sundaram Infotech Solutions respectively. SAMCL currently manages 68 schemes (including options) of Sundaram Mutual Fund with total assets under management of Rs. 28.13 Billion as on October 31, 2005.

CRISIL's assessment of a bond fund's credit quality is based on the creditworthiness of the fund's portfolio. CRISIL has developed a credit quality matrix to assess aggregate credit quality of the underlying portfolio of a fund. The matrix is a set of credit factors and credit scores derived scientifically from the default and transition rates of CRISIL's long-term ratings. The credit factors reflect the expected default behaviour of the respective securities in the portfolio and the expected deterioration in their credit quality. For each individual security, the lower the credit factor, the higher is its inherent credit quality. The credit factors are applied to the proportion of securities in each rating category to arrive at the credit score for the portfolio. The rating on the fund is assigned based on the credit score given to the fund.

The Fund needs to maintain, at all times, a credit score that corresponds to its assigned rating. In case a particular investment in the Fund's portfolio is downgraded, resulting in its credit score crossing the specified limit, the Asset management company has 30 days to restructure the portfolio to achieve the target credit score.

Note

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