



26/03/2018

Dear Investor

**Sub: Proposal for Merger of Sundaram Gilt Fund with
Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible
Income Plan)**

Thank you for investing in Sundaram Gilt Fund.

The Trustees of Sundaram Mutual Fund on October 30, 2017 decided to merge Sundaram Gilt Fund with Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan). SEBI vide their letter no. IMD/DF3/OW/P/2018/6389/1 dated 28/02/2018 has conveyed their no objection to the proposed merger. As required, we furnish below the information relating to the proposal for merger of schemes.

Sundaram Gilt Fund

Sundaram Gilt Fund was launched in May 2001, as an open ended income scheme. The objective of the fund is to generate regular income through dedicated investments in gilts consistent with preservation of capital. The AUM of the Fund as on 28 February 2018 was Rs. 11 cr., and the NAV per unit for dividend and growth option under Regular and Direct Plan were as follows:

Option \ Plan	Regular (₹)	Direct (₹)
Dividend Option	12.3415	12.0144
Growth Option	27.7327	27.1314

Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan)

Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) was launched in December 2004, as an open ended income scheme. The objective of the fund is to generate income and capital appreciation by investing predominantly in corporate debt (80% and more) having credit rating of AA+ and above. The AUM of the fund as on 28 February 2018 was Rs 394 cr., and the NAV per unit for dividend and growth option under Regular and Direct Plan were as follows:

Option \ Plan	Regular (₹)	Direct (₹)
Dividend Option (Quarterly)	14.2607	14.3872
Growth Option	23.9973	24.3443

Rationale for merging the funds:

The AUM of Sundaram Gilt Fund has gone below Rs.20 crore and does not comply with the 20/25 stipulation. Hence it has been decided to merge Sundaram Gilt Fund with Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan).

Benefits to the Investor:

We believe that the proposed merger is in the interest of the investors, as it is getting merged into a high credit quality fund of larger size.

For investors in Sundaram Gilt Fund, the effect of merger will be a surrender of existing units of the scheme/s against an issue of fresh units of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan). This will be reckoned as redemption in Sundaram Gilt Fund, without payment of any exit load, followed by a fresh purchase in Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) at the applicable NAV as on **04/05/2018**. The impact on taxation has been explained in the **Annexure A**. We advise you to also consult your Tax Advisor on the matter.

The changes, as proposed, constitute a change in the fundamental attributes of Sundaram Gilt Fund as per Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996. However, there is no change in the fundamental attributes of the surviving scheme (Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) as a result of the merger. The merger will be effective from **04/05/2018 ("Effective Date")**. Unit holders of Sundaram Gilt Fund, who are not in agreement with the merger may redeem their units at applicable NAV or switch

to other schemes of Sundaram Mutual Fund without payment of exit load between **05/04/2018 and 04/05/2018** (both days inclusive). However, for investments made during the exit window period, there will be no waiver of exit load. The unitholders under the respective options/plans of Sundaram Gilt Fund will be allotted units in the respective options/plans of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) accordingly. If the unitholders do not exercise their option to exit during this period, they shall be deemed to have consented to the merger and will be allotted units under the respective Plan(s) / Option(s) of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) at the NAV declared as on the close of business hours on **04/05/2018**. In the event of any identical options not available in Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan), the default option (Refer Annexure A) of the Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) shall apply.

Investors wishing to exit from Sundaram Gilt Fund can submit redemption requests, at any of the Official Point of Acceptance of Sundaram Mutual Fund on any business day during the exit period. The redemption proceeds will be mailed / credited within 10 business days of receipt of valid redemption request.

Unitholders may note that the offer to exit is merely an option and not compulsory.

However, the exit option will not be available to those unitholders who have pledged their units and on which the Mutual Fund has marked a lien unless the release of pledge is obtained and communicated to the Mutual Fund / Registrar before applying for redemption. If not, such lien or encumbrance will continue on the units allotted in Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) on account of merger.

Unitholders may please note that no application for fresh purchases / additional purchase / switch-in / fresh registration or renewal of SIP/STP/SWP in Sundaram Gilt Fund will be accepted from **04/05/2018** (Effective date). The SIP/STP/SWP transactions in the existing Sundaram Gilt Fund will be processed into SIP/STP/SWP of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) with effect from **04/05/2018** (Effective date).

Balances of unclaimed dividend and redemption amount lying in Sundaram Gilt Fund shall stand transferred to and will be managed under Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) from the Effective Date.

The Effective Date shall be considered as the allotment date in Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan). Please refer the Scheme Information Document of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) for further details on the scheme.

We believe that the merger of Sundaram Gilt Fund with Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) will add value to you and we look forward to your continued investment in Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) post-merger, and in other schemes of Sundaram Mutual Fund.

Warm Regards

Harsha Viji
Managing Director

Encl: Addendum & Transaction Slip

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

PS: Please see Annexure for illustration on allotment of units under Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) on account of the merger. The annexure also provides details of Performance, Annual Recurring Expenses, Latest Portfolios, Investment Objectives, Asset Allocations, Tax Implication and other Statutory Information on account of the merger.

Contact No: 1860 425 7237 (India)
E-mail: customerservices@sundarammutual.com
CIN: U93090TN1996PLC034615

+91 44 28310301 (NRI)
(NRI): nriservices@sundarammutual.com
SMS SFUND to 56767



I) Illustration of the manner in which units of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) would be allotted to the investors of Sundaram Gilt Fund

The market value of units of Sundaram Gilt Fund as on the Completion date** shall be treated as the subscription value to determine the number of units to be allotted at the NAV of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) on the completion date. An illustration explaining the same is as follows: (All figures in the table below are purely for illustrative purposes only).

Merger Completion Date*	Sundaram Gilt Fund (Regular Plan)			Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) (Regular Plan)		
	Units	NAV as on completion date#	Market Value (in Rs.)	Units	NAV as on completion date#	Market Value (in Rs.)
Growth	2,000	27.1314	54,263	2,261	23.9973	54,263
Dividend	2,000	12.0144@	24,029	1,685	14.2607	24,029

**Completion Date means the Date on which the units of Sundaram Gilt Fund will be allotted to investors of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan).

NAV as on 28/02/2018 is taken for illustrative purposes only.

@ Daily dividend NAV

The units of growth option and dividend option under Regular/Direct plans of Sundaram Gilt Fund shall be transferred to the respective growth and dividend options under Regular/Direct plans of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan).

The existing unitholders will be allotted units in the transferee scheme as follows.

Option	Sundaram Gilt Fund	Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan)
Growth	Growth	Growth
Dividend Payout	Dividend	Quarterly
Dividend Reinvestment	Dividend	Monthly

II) The performance of Sundaram Gilt Fund and Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) as on February 28, 2018 is as follows:

(Returns in %)

Scheme name	Sundaram Gilt Fund			Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan)		
	Fund (%)	Benchmark (%)	CRISIL 10 Yr Gilt	Fund (%)	Benchmark (%)	CRISIL 10 Yr Gilt
Last 1 year	1.28	4.65	-1.45	4.90	4.25	-1.45
Last 3 years	4.73	7.96	5.54	7.53	7.63	5.54
Last 5 years	8.94	8.58	5.84	7.67	8.26	5.84
Since Inception	6.11	-	-	7.05	7.60	5.38

Past performance may or may not be sustained in the future; Returns are on a compounded annual basis for period more than one year & absolute for one-year period based on NAV of Regular Plan (Growth Option).

III) Details of the Investment Objectives and Current Asset Allocation of the Sundaram Gilt Fund and Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) are as follows:

Particulars	Sundaram Gilt Fund			Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan)		
Investment Objective	To generate regular income through dedicated investments in gilts consistent with preservation of capital			To generate income and capital appreciation by investing predominantly in AA+ and above rated corporate bonds.		
Asset Allocation	Asset Class	Indicative Allocation	Risk Profile	Asset Class	Indicative Allocation	Risk Profile
	Government of India dated securities	upto 100%	Sovereign	Investment in AA+ and above rated corporate bonds	80 % to 100%	Low to Medium
	State Government dated securities	upto 100%	Low	Other debt securities and Money Market Instruments, Cash and Cash Equivalents.	Upto 20%	Low to Medium
	Government of India Treasury Bills	upto 100%	Sovereign			
Benchmark	I-Sec MIBEX			CRISIL AAA Medium Term Bond Index		
AUM (in Cr.)	11			394		
No. of folios	499			1,180		

Please read the SID/ SAI and KIM of the respective schemes for detailed information. AUM and no. of folios as on February 28, 2018.



IV) Details of Applicable Recurring Expenses:

Scheme Names	As per Scheme Information Document (% of daily net asset values)	Actuals as on 28.02.2018 (% of daily net asset values)
Sundaram Gilt Fund	Maximum total expense ratio (TER) permissible under Regulation 52(4) and 54 (6)(c) – upto 2.25%; and Additional Expense ratio for gross inflow from specified cities under Regulation 52(6A) (b) – upto 0.30%. Goods and Service Tax (GST) on Investment Management fee is chargeable in addition to the above eligible TER.	Regular Plan TER: 2.03%* Direct Plan TER: 1.53%* * including GST on investment management fee
Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan)		Regular Plan TER – 0.95%* Direct Plan TER – 0.36%* * including GST on investment management fee

VI) Tax impact of the consolidation of schemes on the unit holders:

The following information is provided for general information purposes only. In view of the individual nature of tax implications, each investor is advised to consult his or her own tax adviser with respect to the specific tax implications arising out of his or her participation in the scheme. Under this section, the word “act” refers to Income Tax Act, 1961, as amended by Finance Act from time to time, unless otherwise mentioned. The tax implications given are *MUTATIS MUTANDIS* applicable to non-resident investors also.

A) Capital Gains

Any transfer by a unit holder of a capital asset, being unit or units, held by him in the consolidating scheme of a mutual fund, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated fund would not be considered as “transfer” by virtue of the provisions of section 47(xviii) of Income Tax Act, 1961 and hence the gains on transfer not be chargeable to tax.

For the purpose of classifying capital asset into long term or short term, the period of holding of units acquired in the consolidation of schemes of mutual fund shall include the period for which units in consolidating schemes was by the unitholder in terms of the provisions of section 2(42A) of Income Tax Act.

Further Section 49(2AD) provides that the cost of acquisition of the units acquired by the unitholder in the consolidated scheme of mutual fund in consideration of transfer referred in section 47(xviii) shall be deemed to be the cost of acquisition to him of the units in the consolidating scheme of mutual fund. Under the Income Tax Act the merger of scheme does not amount to transfer by virtue of provisions of section 47(xviii) of income tax act and hence gains would not be chargeable to tax. However if redeemed during the exit period, the amount so redeemed is subject to tax at applicable rates if any, this provision also applies to NRI investors.


VII) Portfolio of Sundaram Gilt Fund as on February 28, 2018 is as follows:

Sl. No	Issuer / Instrument	Rating	Quantity	Market Value ₹ in Lakhs	% of NAV
A	Debt Instruments				
(a)	Govt Security				
1	Central Government Securities	Sovereign	5,00,000	481	44.44
2	Maharashtra State Development Loan	Sovereign	70,800	72	6.61
	Total for Debt Instruments			553	51.05
B)	Money Market Instruments				
	CBLO			514	47.48
	Total for Money Market Instruments			514	47.48
C)	Others				
	Cash and Other Net Current Assets			16	1.47
	Grand Total			1,082	100.00

VIII) Portfolio of Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) as on February 28, 2018 is as follows:

Sl. No	Issuer / Instrument	Rating	Quantity	Market Value ₹ in Lakhs	% of NAV
A)	Debt Instruments				
(a)	Listed / awaiting listing on Stock Exchange				
1	LIC Housing Finance Ltd - 8.48%	CRISIL AAA	470	4,713	11.97
2	Reliance Utilities and Power Pvt Ltd - 8.95%	CRISIL AAA	300	3,040	7.72
3	Reliance Ports and Terminals Ltd - 8.45%	CRISIL AAA	300	2,990	7.59
4	Indian Railway Finance Corporation Ltd - 8.83%	CRISIL AAA	250	2,579	6.55
5	Power Finance Corporation Ltd - 8.84%	CRISIL AAA	250	2,569	6.52
6	Rural Electrification Corporation Ltd - 8.82%	CRISIL AAA	250	2,568	6.52
7	Export Import Bank of India - 8.76%	CRISIL AAA	150	1,542	3.91
8	Power Grid Corporation of India Ltd - 7.93%	CRISIL AAA	150	1,489	3.78
9	Export Import Bank of India - 9.4%	CRISIL AAA	100	1,054	2.68
10	Power Finance Corporation Ltd - 8.9%	CRISIL AAA	100	1,030	2.61
11	Power Grid Corporation of India Ltd - 8.8%	CRISIL AAA	100	1,030	2.61
12	Nuclear Power Corporation of India Ltd - 8.54%	CRISIL AAA	100	1,026	2.61
13	Housing Development Finance Corporation Ltd - 8.95%	CRISIL AAA	100	1,023	2.60
14	NHPC Ltd - 8.5%	IND AAA	1000	1,016	2.58
15	Export Import Bank of India - 8.5%	CRISIL AAA	100	1,016	2.58
16	Rural Electrification Corporation Ltd - 8.06%	CRISIL AAA	100	995	2.53
17	Export Import Bank of India - 8.5%	CRISIL AAA	50	508	1.29
18	LIC Housing Finance Ltd - 8.37%	CRISIL AAA	50	499	1.27
	Sub Total			30,686	77.90
(b)	Govt Security				
1	8.18% Haryana State Development Loan	Sovereign	25,00,000	2,505	6.36
2	8.62% Maharashtra State Development Loan	Sovereign	10,00,000	1,024	2.60
3	7.95% Maharashtra State Development Loan	Sovereign	10,00,000	997	2.53
4	9.60% Maharashtra State Development Loan	Sovereign	5,00,000	534	1.35
5	8.27% Rajasthan State Development Loan	Sovereign	1,32,000	133	0.34
	Sub Total			5,193	13.18
	Total for Debt Instruments			35,879	91.08
B)	Money Market Instruments				
	CBLO			1,424	3.61
	Sub Total			1,424	3.61
	Total for Money Market Instruments			1,424	3.61
C)	Others				
	Cash and Other Net Current Assets			2,088	5.30
	Grand Total			39,391	100.00



SUNDARAM MUTUAL

Merger of Sundaram Gilt Fund with Sundaram Corporate Bond Fund (presently Sundaram Flexible Fund - Flexible Income Plan) – Transaction Slip

Redemption request submitted along with change of bank mandate would result in payment being withheld upto 10 days for validating new bank mandate. Effective May 01, 2012 the forms for redemption request and change of bank account will be segregated to ensure that the two different requests are handled and executed separately for all existing and new customers.

Distributor's ARN & Name	Sub-broker's ARN (code)	Sub-broker Code (internal)	EUIN* (Employee Unique Identification Number)
--------------------------	-------------------------	----------------------------	--

ISC's signature
&
Time Stamping

* Declaration for "Execution only" transaction (only where EUIN box is left blank) ☐ I/We hereby confirm that the EUIN box has been intentionally left blank by me/us as this transaction is executed without any interaction or advice by the employee/relationship manager/sales person of the above distributor/sub broker or notwithstanding the advice or inappropriateness, if any, provided by the employee/relationship manager/sales person of the distributor/sub broker.

Folio No

Signature

First / Sole Applicant / Guardian	Second Applicant	Third Applicant
-----------------------------------	------------------	-----------------

Name of First/Sole Applicant (Please use capital Letters)

Permanent Account Number (PAN)	Aadhaar Card Number (PEKRN)	Central KYC Number	☐ CKYC Proof attached
First/Sole Applicant/Guardian			
Second Applicant			
Third Applicant			

☐ Redemption

Are you submitting a change of bank request along with your redemption ☐ Yes (if yes, please also use the stand alone bank mandate form) ☐ No

Fund Name: Sundaram Gilt Fund Plan: ☐ Regular ☐ Direct

Options: **Dividend** ☐ Payout ☐ Re-Investment ☐ Sweep ☐ **Growth** ☐ Amount ☐ Units.....

☐ Switch

Please read SID & KIM of respective scheme(s)

☐ Amount ☐ Units.....

From: Sundaram Gilt Fund

Plan: ☐ Regular ☐ Direct Options: **Dividend** ☐ Payout ☐ Re-Investment ☐ **Growth**

To:

Plan: ☐ Regular ☐ Direct Options: **Dividend** ☐ Payout ☐ Re-Investment ☐ **Growth**

Declaration: I/We • having read and understood the contents of the Statement of Additional Information/Scheme Information Document/addenda issued to the SID and KIM till date • hereby apply for units under the scheme(s) as indicated in the application form • agree to abide by the terms, conditions, rules and regulations of the scheme(s) • agree to the terms and conditions for Auto Debit • have not received nor been induced by any rebate or gifts, directly or indirectly in making this investment • do not have any existing Micro SIPs/investments which together with the current application will result in the total investments exceeding Rs. 50,000 in a financial year or a rolling period of twelve months (applicable for PAN exempt category of investors). The ARN holder has disclosed to me/us all the commissions (in the form of trail commission or any other mode), payable to him for the different competing Schemes of various Mutual Funds from amongst which the Scheme is being recommended to me/us.

Applicable to NRIs only: Please ☒ I/We confirm that I am/We are Non-Resident of Indian Nationality/Origin and I/We confirm that I am/we are not United States persons within the meaning of Regulation (S) under the United States Securities Act of 1933, as amended from time to time or a resident of USA/Canada.

Signature

First / Sole Applicant / Guardian	Second Applicant	Third Applicant
-----------------------------------	------------------	-----------------

Request Date

D D M M Y Y Y Y

Acknowledgement ☐ Redemption ☐ Switch

Request Date:

D D M M Y Y Y Y

Time Stamp/Seal

Folio No: Fund: Sundaram Gilt Fund

Plans: ☐ Regular ☐ DirectOptions: ☐ **Growth or Dividend** ☐ Payout ☐ Re-Investment

In case of switch, Target scheme

☐ Amount ☐ Units.....Plans: ☐ Regular ☐ DirectOptions: ☐ **Growth or Dividend** ☐ Payout ☐ Re-Investment

To be submitted along with the transaction slip: 1. Your FATCA CRS Details (Foreign Account Tax Compliance Act) & KYC Additional Details (if not already submitted), and 2. Ultimate Beneficial Owner(s) (UBO) information (for non-individuals only). Please quote the Central KYC (CKYC) number in the boxes provided above or submit your filled-in CKYC Form or additional CKYC form in case of existing investors, irrespective of the investment amount. The forms are available on our website