

November 03, 2023

## Invesco Asset Management (India) Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Invesco India Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Invesco India Ultra Short Term Fund	-	-	[ICRA]A1+mfs; reaffirmed
Invesco India Money Market Fund	-	-	[ICRA]A1+mfs; reaffirmed
Invesco India Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Invesco India Short Term Fund	-	-	[ICRA]AAAmfs; reaffirmed
Invesco India Treasury Advantage Fund	-	-	[ICRA]AAAmfs; reaffirmed
Invesco India Corporate Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
Invesco India Banking and PSU Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
Total	-	-	

\*Instrument details are provided in Annexure I

### Rationale and key rating drivers

The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of the mutual fund (MF) schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

MF ratings incorporate ICRA's assessment of the creditworthiness of a debt MF scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the MF scheme. The rating does not indicate the asset management company's (AMC) and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The rating also does not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the MF scheme, and the ability to redeem the investments at the reported net asset value (NAV) or the volatility in its past returns as all these are influenced by market risks.

ICRA's assessment of debt MF schemes is guided by the credit rating of the individual investments, the relative share of the investments in the overall assets under management (AUM) of the scheme and the maturity schedule of such investments. ICRA's MF ratings are not a reflection of the quality of the management of the AMC or its financial performance, reputation and other business practices, including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements. The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt MF schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

Once an MF scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the MF ratings on a monthly basis or earlier, if required, which involves an evaluation of the rating corresponding to the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit score for the existing rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the portfolio credit score within the benchmark credit score for maintaining the existing rating level. If the investment composition of the fund is realigned to bring the portfolio credit score within the benchmark credit score, the rating is retained. However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality.

In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio. If the AMC corrects its portfolio, post the rating downgrade of the scheme, or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

## Liquidity position: Not applicable

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** –

**For Invesco India Overnight Fund** – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates, leading to a breach in the threshold for the rating level.

**For other schemes** – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or if there is an increase in the share of lower rated investments on account of a decline in the AUM or otherwise, leading to a breach in the threshold for the rating level.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA Rating Methodology – Mutual Funds</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the company

Invesco Mutual Fund is managed by Invesco Asset Management (India) Private Limited (erstwhile Religare Invesco Asset Management Company Private Limited). US-based Invesco acquired a 49% stake in Religare AMC in September 2012 and the name was changed to Religare Invesco AMC. Religare sold its entire stake in the joint venture to Invesco Limited in April 2016 and the name was changed to Invesco Asset Management (India) Private Limited. The AMC's average AUM stood at Rs. 57,678.52 crore<sup>1</sup> for the quarter ending September 30, 2023.

<sup>1</sup> Source: AMFI website; excludes Fund of Funds – Domestic but includes Fund of Funds – Overseas

**Invesco India Overnight Fund**

Launched in January 2020, Invesco India Overnight Fund is an open-ended fund investing in overnight securities. The investment objective is to generate income commensurate with low risk and high liquidity by investing in overnight securities with residual maturity of one business day. The AUM stood at Rs. 491 crore as on September 30, 2023.

**Invesco India Ultra Short Term Fund**

Launched in December 2010, Invesco India Ultra Short Term Fund is an open-ended fund, investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. The investment objective is to generate accrual income by investing in a portfolio of short-term money market and debt instruments. The AUM stood at Rs. 766 crore as on September 30, 2023.

**Invesco India Money Market Fund**

Launched in August 2009, Invesco India Money Market Fund is an open-ended debt scheme investing in money market instruments with a year's maturity. The investment objective is to generate superior risk-adjusted returns by investing in money market instruments. The AUM stood at Rs. 2,870 crore as on September 30, 2023.

**Invesco India Liquid Fund**

Launched in November 2006, Invesco India Liquid Fund is an open-ended debt scheme investing in debt and money market securities with maturity of up to 91 days. The investment objective is to generate income over the short term, commensurate with low risk and high liquidity. The AUM stood at Rs. 6,834 crore as on September 30, 2023.

**Invesco India Short Term Fund**

Launched in March 2007, Invesco India Short Term Fund is an open-ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years. The investment objective is to generate steady returns with a moderate risk by investing in a portfolio of debt and money market instruments. The AUM stood at Rs. 347 crore as on September 30, 2023.

**Invesco India Treasury Advantage Fund**

Launched in January 2007, Invesco India Treasury Advantage Fund is an open-ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months. The investment objective is to generate income by investing in debt and money market instruments. The AUM stood at Rs. 1,295 crore as on September 30, 2023.

**Invesco India Corporate Bond Fund**

Launched in August 2007, Invesco India Corporate Bond Fund is an open-ended debt scheme with the objective of generating regular and stable income by predominantly investing in AA+ and above rated corporate bonds along with debt and money market instruments (maximum investment in debt and money market instruments not exceeding 20% of the net assets of the scheme). The AUM stood at Rs. 2,538 crore as on September 30, 2023.

**Invesco India Banking and PSU Debt Fund**

Launched in December 2012, Invesco India Banking and PSU Debt Fund is an open-ended debt scheme with the objective of generating returns over the short and medium term by predominantly investing in the debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. The AUM stood at Rs. 118 crore as on September 30, 2023.

**Key financial indicators:** Not applicable

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** None

## Rating history for past three years

Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years				
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding as of September 30, 2023 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
				Nov 03, 2023	Jan 02, 2023	Feb 02, 2022	Mar 26, 2021	May 11, 2020
1 Invesco India Ultra Short Term Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
2 Invesco India Overnight Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
3 Invesco India Liquid Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
4 Invesco India Money Market Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
5 Invesco India Short Term Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
6 Invesco India Treasury Advantage Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
7 Invesco India Corporate Bond Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
8 Invesco India Banking and PSU Debt Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs

## Complexity level of the rated instruments: Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details: Not applicable**

**Annexure II: List of entities considered for consolidated analysis: Not applicable**

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