April 05, 2017

Canara Robeco Asset Management Company Limited

Instrument	Rating Action
Canara Robeco Treasury Advantage Fund	[ICRA]AAAmfs; reaffirmed
Canara Robeco Short Term Fund	[ICRA]AAAmfs; reaffirmed
Canara Robeco Indigo Fund	[ICRA]AAA$_{debt}$mfs; reaffirmed
Canara Robeco Medium Term Opportunities Fund	[ICRA]AA+mfs; reaffirmed
Canara Robeco Capital Protection Oriented Fund -Series III	[ICRA]AAAmfs(SO); reaffirmed
Canara Robeco Savings Plus Fund	[ICRA]A1+mfs; reaffirmed
Canara Robeco Liquid	[ICRA]A1+mfs; reaffirmed

Rating Action

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) to Canara Robeco Treasury Advantage Fund and Canara Robeco Short Term Fund. ICRA has also reaffirmed the credit risk rating to [ICRA]AAA$_{debt}$mfs (pronounced as ICRA triple A debt mfs) to Canaro Robeco Indigo Fund. Schemes with this rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made[1].

ICRA has reaffirmed the credit risk rating of [ICRA]AA+mfs (pronounced double A plus m f s) to Canara Robeco Medium Term Opportunities Fund. Schemes with [ICRA]AAmfs rating are considered to have a high degree of safety regarding timely receipt of payments from the investments that they have made. The modifier {"+" (plus)/ "-" (minus)} reflects the comparative standing within the category.

ICRA has also reaffirmed the rating of [ICRA]AAAmfs(SO) (pronounced as ICRA triple A m f s structured obligation) to Canara Robeco Capital Protection Oriented Fund – Series III. The rating indicates highest degree of safety regarding timely receipt of payments from the investments that they have made.

ICRA has reaffirmed the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) to Canara Robeco Savings Plus Fund and Canara Robeco Liquid. Schemes with [ICRA]A1mfs rating are considered to have a very strong degree of safety regarding timely receipt of payments from the investments that they have made. The modifier {"+" (plus)/ "-" (minus)} reflects the comparative standing within the category.

The ratings should, however, not be construed as an indication of the performance of the Mutual Fund scheme or of volatility in its returns.

Rationale

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the fund's portfolio. As a measure of the credit quality of a debt fund's assets, ICRA uses the concept of "credit scores". These scores are based on ICRA's estimates of credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories for various maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews relevant

[1] For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications

fund information on an ongoing basis to support its published rating opinions. If the portfolio credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

The reaffirmation of ratings of the debt schemes follows ICRA's monitoring of the credit risk profile of the month end portfolio position for these schemes. The credit risk scores for these schemes were comfortable within the benchmark limits for their current level of ratings.

Analytical approach:
For arriving at the ratings for the debt schemes, ICRA has assessed the credit risk profile of the month end portfolio position for these schemes for the past 12 months.
For arriving at the ratings for the capital protection schemes, ICRA has assessed the adequacy of maturity value of the debt portion of the portfolio (taking a conservative reinvestment rate) to protect the initial capital mobilised for these schemes.

Links to applicable Criteria:
Rating Methodology for Mutual Funds

Company Profile:

Canara Robeco Asset Management Company Limited
Canara Robeco Asset Management Company Limited (CRAMC), the investment managers of Canara Robeco Mutual Fund, is a joint venture between Canara Bank and Robeco of the Netherlands, a global asset management company. Canara Robeco Mutual Fund is the second oldest Mutual Fund in India, established in December 1987 as Canbank Mutual Fund. Subsequently, in 2007, Canara Bank partnered with Robeco and the mutual fund was renamed as Canara Robeco Mutual Fund. The Average Assets[2] managed by Canara Robeco MF during quarter ended December 31, 2016 were ~Rs. 9,411 crore.

Canara Robeco Treasury Advantage Fund
Launched in September 2003, Canara Robeco Treasury Advantage is an open-ended money market scheme with stated objective to generate income/capital appreciation through low risk strategy by investment in Money Market Instruments. The scheme had assets under management of ~Rs. 70 crore as on February 28, 2017 with an average maturity of about 3 months as on that date. The fund continues to maintain a high proportion of its investments rated at highest credit quality.

Canara Robeco Short Term Fund
Launched in March 2009, Canara Robeco Short Term Fund is an open ended debt fund that would generate income from a portfolio of short to medium term debt and money market securities. The scheme had assets under management of ~Rs. 146 crore as on February 28, 2017 with an average maturity of about 1.2 years as on that date. The fund continues to maintain a high proportion of its investments rated at highest credit quality.

[2] Excluding Fund of funds

Canara Robeco Indigo Fund
Launched in July 2010, the objective of Canara Robeco Indigo Fund is to generate income from a portfolio constituted of debt & money market securities along with investments in Gold ETFs. The fund invests 65% to 90% in debt and 10%to 35% in gold ETFs. The debt, money market & cash portion of the scheme had assets under management of ~Rs. 36 crore as on February 28, 2017 with an average maturity of about 2 years as on that date. The AMC would manage the debt portion of the portfolio such that it meets the criteria to qualify for the [ICRA]AAA$_{debt}$mfs rating.

Canara Robeco Medium Term Opportunities Fund
Launched in February 2014, Canara Robeco Medium Term Opportunities Fund has a stated objective to generate income and capital appreciation through a portfolio constituted of medium term debt investments including G-sec securities and money market instruments. The scheme had assets under management of ~Rs. 381 crore as on February 28, 2017 with an average maturity of 3 years as on that date.

Canara Robeco Capital Protection Oriented Fund – Series III
Canara Robeco Capital Protection Oriented Fund –Series III is a closed ended scheme. The portfolio structure for the scheme has been designed with the intention of protecting the unit holder's capital at maturity, which is arrived at by having majority of investments in debt securities maturing on or before the maturity of the scheme. The scheme will invest in debt securities only with a rating of [ICRA]AAA or equivalent, mitigating any concerns on credit risk. The proportion of debt securities is calculated such that the redemption value of debt less AMC expenses will be equal to or greater than the initial unit holder's capital, offering highest degree of protection of the unit holder's capital at maturity. ICRA has factored in the credit risk of debt investments, re-investment risk of interim receipts, precondition of marginal tenure mismatches and obligor concentrations. The debt portion would be passively managed. The balance portion would be invested in equity and equity-linked instruments to provide any upside potential to the unit holders. At the same time, given the proportion of high credit quality debt investments and the portfolio structure, the downside is protected and the investor may not suffer loss of initial investment at the time of maturity.

Canara Robeco Savings Plus Fund
Launched in March 2005, Canara Robeco Savings Plus Fund is an open-ended debt mutual fund scheme that would invest 50-100% in Indian money market instruments with the balance in debt securities. The fund's stated objective is to generate income by investing in a portfolio comprising short term debt instruments and money market instruments with weighted average portfolio duration of between 3 months to less than 1 year. The fund's corpus stood at ~Rs. 946 crore as on February 28, 2017 and an average maturity of about 9 months as on that date. The fund continues to maintain a high proportion of its investments rated at highest credit quality.

Canara Robeco Liquid
Launched in January 2002, Canara Robeco Liquid is an open-ended cash management scheme with a stated objective to enhance income while maintaining a level of liquidity through investments in high-quality debt (upto 35%) and money market instruments (upto 100%). The fund had assets under management of ~Rs. 1,574 crore as on February 28, 2017 and an average maturity of less than a month as on that date. The fund continues to maintain a high proportion of its investments rated at highest credit quality.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Table: Rating History

Sr. No.	Name of Scheme	Current Rating			Chronology of Rating History for the past 3 years						
		Type	Rated amount	April 2017	FY2016		FY2015			FY2014	
					Dec 2016	Apr 2016	May 2015	Nov 2014	July 2014	Feb 2014	Jan 2014
1	Canara Robeco Savings Plus Fund (Formerly, Canara Robeco Floating Rate Fund)	Short Term	-	[ICRA]A1 +mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
2	Canara Robeco Liquid	Short Term	-	[ICRA]A1 +mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
3	Canara Robeco Indigo Fund	Long Term	-	[ICRA] AAAdebt mfs	[ICRA] AAAdebtmfs	[ICRA] AAAdebtmfs	[ICRA] AAAdebtmfs ; reassigned	[ICRA] A1+debtmfs	[ICRA] A1+debtmf s	[ICRA] A1+debtmf s	[ICRA] A1+debtmfs
4	Canara Robeco Short Term Fund	Long Term	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs; reassigned	[ICRA] A1+mfs	[ICRA] A1+mfs
5	Canara Robeco Treasury Advantage Fund	Long Term	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
6	Canara Robeco Medium Term Opportunities Fund	Long Term	-	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	-
7	Canara Robeco Capital Protection Oriented Fund-Series III	Long Term	-	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)!	-	-
8	Canara Robeco Capital Protection Oriented Fund-Series II	Long Term	-	-	[ICRA] AAAmfs (SO); withdrawn	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

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About ICRA Limited:
ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.
Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.
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