SBI Funds Management Private Limited

February 22, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
SBI Dynamic Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Magnum Ultra Short Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
SBI Magnum Low Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
SBI Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	**-**	**-**	

**Instrument details are provided in Annexure-1*

Rationale and Key Rating Drivers

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) to the SBI Dynamic Bond Fund of SBI Funds Management Private Limited. Schemes with [ICRA]AAAmfs rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made. Further, ICRA reaffirmed the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) to the SBI Magnum Ultra Short Duration Fund, SBI Magnum Low Duration Fund and SBI Liquid Fund of SBI Funds Management Private Limited. Schemes with [ICRA]A1mfs rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made.

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the funds. They do not indicate the AMC's willingness or ability to make timely payments to the fund's investors. The ratings should not be construed as an indication of expected returns, prospective performance of the mutual fund scheme, net asset value (NAV) or volatility in its returns.

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 the 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 and 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 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 for the last 12 months. The credit risk scores for these schemes were comfortably within the benchmark limits for their current level of ratings.

Liquidity Position: Not applicable

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA- Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

About the company:

SBI Funds Management Private Limited

SBI Funds Management Private Limited (SBIFM), the asset management company for the SBI Mutual Fund (SBI MF) was established in February 1992 and it is a 63:37 Joint Venture between State Bank of India (SBI) (rated [ICRA]AAA(hyb)(Stable)[1]) and AMUNDI. The Quarterly Average Assets under Management (AUM) managed by the asset management company (AMC) during the quarter ended December 2018 was Rs. 2,64,35,302.74 crore[2].

SBI Dynamic Bond Fund

Launched in February 2004, SBI Dynamic Bond Fund is an open-ended debt scheme investing across duration. The scheme's investment objective is to provide investors attractive returns through investment in an actively managed portfolio of high quality debt securities of varying maturities. The fund's assets under management stood at Rs. 978 crores as on January 31, 2019 and had an average residual maturity of around 4.12 years as on that date.

SBI Magnum Ultra Short Duration Fund

Launched in May 1999, SBI Magnum Ultra Short Duration Fund (erstwhile SBI Magnum Instacash Fund) is an open ended ultra-short duration debt scheme investing in instruments such that the Macaulay duration of portfolio is between 3 months and 6 months. The scheme will invest its corpus in the entire range of debt and money market securities in line with the investment objective to provide attractive risk-adjusted returns to its investors through active management of credit risk and interest rate risk in its portfolio. The assets under management stood at Rs. 5,294 crore as on January 31, 2019 and an average residual maturity of around 0.37 years as on that date.

SBI Magnum Low Duration Fund

Launched in July 2007, SBI Magnum Low Duration Fund (erstwhile SBI Ultra Short Term Debt Fund) is an open-ended debt scheme. The investment objective of the scheme is to provide investors an opportunity to generate regular income with reasonable degree of liquidity through investments in debt and money market instruments in such a manner that the Macaulay duration of the portfolio is between 6 months and 12 months. The assets under management were Rs. 6,416 crore as on January 31, 2019 and an average residual maturity of about 0.74 years as on that date.

SBI Liquid Fund

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[1] *SBI's Basel III Compliant Tier II Bond rated [ICRA]AAA(hyb)(Stable)*

[2] *https://www.amfiindia.com/research-information/aum-data/average-aum*

Launched in November 2003, SBI Liquid Fund (erstwhile SBI Premier Liquid Fund) is an open-ended liquid fund with an investment objective to provide attractive risk-adjusted returns to its investors while maintaining a high degree of liquidity to the investments. The scheme will invest in the entire range of debt and money market instruments with residual maturity upto 91 days only. The assets under management stood at Rs. 56,224 crore as on January 31, 2019 and an average residual maturity of 0.10 years as on that date.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

		Current Rating (FY2019)				Chronology of Rating History for the Past 3 Years		
	Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating Feb 2019	Date & Rating in FY2018 Jan 2018	Date & Rating in FY2017 Dec 2016	Date & Rating in FY2016 Nov 2015
1	SBI Dynamic Bond Fund	Long Term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
2	SBI Magnum Ultra Short Duration Fund	Short Term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
3	SBI Magnum Low Duration Fund	Short Term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
4	SBI Liquid Fund	Short Term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs

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

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA	NA

Source: SBI Funds Management Pvt. Ltd.

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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.

For more information, visit www.icra.in

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