November 05, 2020

Canara Robeco Asset Management Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Canara Robeco Short Duration Fund	-	-	[ICRA]AAAmfs; reaffirmed
Canara Robeco Savings Fund	-	-	[ICRA]A1+mfs; reaffirmed
Canara Robeco Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Canara Robeco Ultra Short Term Fund	-	-	[ICRA]AAAmfs; reaffirmed
Canara Robeco Corporate Bond Fund	-	-	[ICRA]AA+mfs; reaffirmed
Total	**-**	**-**	

**Instrument details are provided in Annexure-1*

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 these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

Mutual fund ratings incorporate ICRA's assessment of the creditworthiness of a debt mutual fund 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 that have been made by the mutual fund schemes. The ratings do 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 ratings do not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the mutual fund 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 mutual fund schemes are guided by the credit ratings 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. The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt mutual fund 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 then measured against the appropriate benchmark credit score in the credit matrix.

Once a mutual fund scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. If the portfolio credit score meets the benchmark of the existing rating, the rating is retained. If the portfolio credit score breaches the benchmark credit matrix score for the current 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 the current 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.

Liquidity position – Not applicable

Rating Sensitivities

Positive triggers (Canara Robeco Corporate Bond Fund) – ICRA could upgrade the rating of the scheme if the credit quality of underlying investment improves or the size of assets under management (AUM) increases significantly, which may result in a decrease in the share of lower rated investments, resulting in an enhanced credit quality of the portfolio.

Negative triggers - ICRA could downgrade the rating of the schemes if the credit quality of the underlying investment deteriorates or the size of assets under management (AUM) declines, which may result in an increase in the share of lower rated investments leading to a breach in the threshold for the rating level.

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:

Canara Robeco Asset Management Company Limited

Canara Robeco Asset Management Company Limited (CRAMC) (formerly known as Canbank Investment Management Services Limited) is the investment manager for Canara Robeco Mutual Fund (CRMF). CRMF was originally constituted as a trust on December 17, 1987 by Canara Bank (rated [ICRA]AA+ (hyb)&[1]). Subsequently, pursuant to a joint venture between Canara Bank (51%) and Robeco Group N.V. (now known as Orix Corporation Europe N. V. (49%)) of Netherlands in the asset management company, Robeco Group was inducted as the co-sponsor in the Mutual Fund and the fund was renamed Canara Robeco Mutual Fund. The average assets under management managed by CRMF during quarter ended September 30, 2020 was ~Rs. 19,856 crore[2].

Canara Robeco Short Duration Fund

Launched in April 2011, Canara Robeco Short Duration Fund is an open-ended short term debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 1 and 3 years.

[1] *& Denotes under Rating Watch with Developing Implications*

[2] *Source: https://www.amfiindia.com/*

The stated objective of the scheme is to generate returns by investing in a wide range of debt and money market instruments of various maturities and risk profiles. The fund's assets under management (AUM) stood at ~Rs. 868 crore as on September 30, 2020.

Canara Robeco Savings Fund

Launched in March 2005, Canara Robeco Savings Fund (erstwhile Canara Robeco Savings Plus Fund) is an open-ended low duration debt scheme that would invest up to 100% in Debt & money market instruments. The fund's stated objective is to generate income by investing in a portfolio comprising of low duration debt instruments and money market instruments. The Macaulay duration of the portfolio of the fund is between 6 months and 12 months. The fund's assets under management (AUM) stood at ~Rs. 1,218 crore as on September 30, 2020.

Canara Robeco Liquid Fund

Launched in January 2002, Canara Robeco Liquid Fund (Canara Robeco Liquid) is an open-ended liquid scheme with a stated objective to enhance income while maintaining a level of high liquidity through investment in a mix of money market instruments and debt securities. The fund had AUM of ~Rs. 1,394 crore as on September 30, 2020.

Canara Robeco Ultra Short Term Fund

Launched in September 2003, Canara Robeco Ultra Short Term Fund (erstwhile Canara Robeco Treasury Advantage Fund) is an open ended ultra-short term debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months and aims to generate returns by investing in a wide range of debt securities and money market instruments of various maturities and risk profile. The scheme had AUM of ~Rs. 287 crore as on September 30, 2020.

Canara Robeco Corporate Bond Fund

Launched in February 2014, Canara Robeco Corporate Bond Fund (erstwhile Canara Robeco Medium Term Opportunities Fund) has a stated objective to generate income and capital appreciation through a portfolio constituted predominantly of AA+ and above rated corporate debt across maturities. The scheme had AUM of ~Rs. 309 crore as on September 30, 2020.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument	Type	Current Rating (FY2021)			Chronology of Rating History for the past 3 years						
		Amount Rated	Amount Outstanding	Rating	FY2020		FY2019		FY2018		
		(Rs. crore)	(Rs. crore)	Nov-05-2020	Jan-24-2020	Jan-02-2020	Mar-28-2019	May-15-2018	Mar-27-2018	Oct-30-2017	Apr-05-2017
Canara Robeco Short Duration Fund	Mutual Fund - LT	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	-	-	-	-	-	-
Canara Robeco Savings Fund	Mutual Fund - ST	-	-	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
Canara Robeco Liquid Fund	Mutual Fund - ST	-	-	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
Canara Robeco Ultra Short Term Fund	Mutual Fund - LT	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
Canara Robeco Corporate Bond Fund	Mutual Fund - LT	-	-	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+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

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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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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