

December 30, 2020

## Edelweiss Asset Management Limited: Ratings reaffirmed

### Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Edelweiss Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Edelweiss Banking and PSU Debt Fund	-	-	[ICRA]AAAmfs; reaffirmed
Edelweiss Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
<b>Total</b>	-	-	

*\*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 is 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** – Not applicable

**Negative triggers** – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or the size of the 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	<a href="#">ICRA - Mutual Fund Credit Risk Rating Methodology</a>
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

## About the company

Edelweiss Asset Management Limited (EAML), a subsidiary of Edelweiss Financial Services Limited, acts as the investment manager of Edelweiss Mutual Fund. Edelweiss Mutual Fund was set up as a trust under the Indian Trust Act, 1882, and was registered on April 30, 2008 under the provisions of SEBI (Mutual Funds) Regulations, 1996. EAML acquired the fund schemes managed by JP Morgan Asset Management India Private Limited in 9M FY2017. The company also offers a range of investment solutions for financial planning and wealth creation. The average AUM of the entity for the quarter ended September 30, 2020 was Rs. 34,243.88 crore<sup>1</sup>.

### Edelweiss Overnight Fund

Launched in July 2019, Edelweiss Overnight Fund is an open-ended debt scheme investing in overnight securities. The stated objective of the scheme is to generate regular returns by investing in debt and money market instruments with overnight maturity. The scheme invests in instruments with a residual maturity of one business day. It predominantly invests in tri-party repos, T-Bills, etc. The fund's AUM stood at ~Rs. 555 crore as on November 30, 2020.

### Edelweiss Banking and PSU Debt Fund

Edelweiss Banking and PSU Debt Fund has a stated objective of generating income by investing predominantly in a portfolio of debt securities and money market instruments issued by banks and public-sector undertakings. The

<sup>1</sup> Source: <https://www.amfiindia.com>

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fund holds a high proportion of investments with the highest credit quality rating. The scheme's AUM stood at Rs. 460 crore as on November 30, 2020 while the average maturity of the scheme was 7.19 years.

**Edelweiss Liquid Fund**

Edelweiss Liquid Fund is an open-ended income scheme with a stated objective of providing reasonable returns, commensurate with low risk, while providing a high level of liquidity through a portfolio of money market and debt securities with maturity up to 90 days. The fund holds a high proportion of investments with the highest credit quality rating. As on November 30, 2020, the scheme's AUM stood at Rs. 1,113 crore while the average maturity of the scheme was around 0.03 years.

**Key financial indicators: Not applicable**

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

**Any other information: None**

### Rating history for last three years

Name of Scheme		Current Rating (FY2021)		Rating History for the Past 3 Years				
		Type	Rated Amount	12-30-2020	FY2020 01-16-2020	07-08-2019	FY2019 06-28-2018	FY2018 05-22-2017
1	Edelweiss Overnight Fund	Short Term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	-	-	-
2	Edelweiss Banking and PSU Debt Fund	Long Term	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
3	Edelweiss Liquid Fund	Short Term	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs

Amount in Rs. crore

### 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](http://www.icra.in)

### Annexure-1: Instrument details

ISIN	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

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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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