

February 15, 2024

Bank of India Investment Managers Private Limited: Rating reaffirmed for Bank of India Liquid Fund and Bank of India Ultra Short Duration Fund; Provisional rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bank of India Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bank of India Ultra Short Duration Fund	-	-	[ICRA]A1+mfs; reaffirmed
Bank of India Capital Protection Oriented Fund – Series A	-	-	Provisional [ICRA]AAA(SO); withdrawn
Total	-	-	

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has reaffirmed the rating for Bank of India Ultra Short Duration Fund and Bank of India Liquid Fund of Bank of India Investment Managers Private Limited. The rating has 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 level. Further, ICRA has withdrawn the Provisional [ICRA]AAA(SO) rating assigned to Bank of India Capital Protection Oriented Fund –Series A at the request of the asset management company (AMC), as the scheme has not been launched. This is in accordance with ICRA's policy on the withdrawal of credit ratings.

Mutual fund (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 schemes. The ratings do not indicate the AMC's 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 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 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. ICRA's MF ratings are not a reflection on 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-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 – The rating could be downgraded 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	Methodology for Rating Mutual Fund Schemes Methodology for Capital Protection Oriented Funds ICRA's Policy on Provisional Ratings Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

On December 21, 2021, Bank of India purchased AXA Investment Managers Asia Holdings Private Limited's stake in BOI AXA Investment Managers Private Limited, i.e. the entire 47.07% equity shares, as well as the entire 49% equity stake in BOI AXA Trustee Services Private Limited. Following this, the name of the asset management company was changed to Bank of India Investment Managers Private Limited with effect from April 12, 2022. The AMC had an average AUM of Rs. 5,788 crore¹ for the quarter ending December 31, 2023.

¹ <https://www.amfiindia.com/research-information/aum-data/average-aum>

Bank of India Liquid Fund

Launched in July 2008, Bank of India Liquid Fund is an open-ended liquid scheme with the objective of delivering reasonable market-related returns with lower risk and higher liquidity through a portfolio of debt and money market instruments. The scheme primarily invests in money market instruments of the highest credit quality. The scheme's AUM stood at ~Rs. 1,289 crore as on January 31, 2024.

Bank of India Ultra Short Duration Fund

Launched in July 2008, Bank of India Ultra Short Duration Fund is an open-ended ultra-short-term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between three and six months. The scheme invests in debt and money market instruments to provide reasonable market-related returns to investors with lower risk and higher liquidity. The scheme's AUM stood at ~Rs. 136 crore as on January 31, 2024.

Bank of India Capital Protection Oriented Fund – Series A

This is a close-ended scheme with an expected duration of 36-65 months. The investment objective is to seek capital protection by investing in fixed income securities maturing on or before the tenure of the scheme and capital appreciation by investing in equity and equity-related instruments. The provisional rating for the scheme was withdrawn as its launch has been put on hold.

Key financial indicators (audited): Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)	Chronology of Rating History for the Past 3 Years				
				Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021	
				Feb 15, 2024	Mar 09, 2023 Feb 21, 2023	Dec 06, 2022	Mar 15, 2022	Mar 24, 2021 Apr 13, 2020	
Bank of India Liquid Fund	Mutual fund – ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs^	[ICRA]AAAmfs	[ICRA]AAAmfs	
Bank of India Ultra Short Duration Fund	Mutual fund – ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	
Bank of India Capital Protection Oriented Fund – Series A	Mutual fund – LT	-	-	Provisional [ICRA]AAA(SO); withdrawn	Provisional [ICRA]AAA(SO)	-	-	-	

LT – Long term; ST – Short term; ^Long-term rating of [ICRA]AAAmfs withdrawn and [ICRA]A1+mfs assigned simultaneously

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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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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Branches



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