

June 19, 2024

Mahindra Manulife Investment Management Private Limited: Ratings reaffirmed

Summary of rating action

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

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has reaffirmed the ratings of various debt mutual fund (MF) schemes of Mahindra Manulife Investment Management Private Limited (the asset management company; AMC). 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.

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 MF schemes. The ratings do not indicate 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 market risks and hence should not be construed as an indication of the expected returns, prospective performance of the MF scheme, and the ability to redeem investments at the reported net asset value (NAV) or volatility in its past returns, as all these are influenced by market risks.

ICRA's assessment of debt MF schemes is guided by the credit ratings of the individual investments and the relative share of the schemes' allocation towards the investments, besides 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's 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 – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investments deteriorates or the size of the 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	Methodology for Rating Mutual Fund Schemes
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Mahindra Manulife Investment Management Private Limited (erstwhile Mahindra Asset Management Company Private Limited), incorporated in June 2013 under the Companies Act, 1956, was a wholly-owned subsidiary of Mahindra and Mahindra Financial Services Limited (MMFSL). In May 2020, the Singapore arm of Manulife – Manulife Investment Management (Singapore) Pte. Ltd (Manulife Singapore) – entered into a joint venture with MMFSL to buy a 49% stake in the AMC. The balance 51% stake is held by MMFSL.

The AMC is the investment manager of Mahindra Manulife Mutual Fund. The fund was constituted as a trust on September 29, 2015, in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882), with MMFSL and Manulife Singapore as the sponsors and Mahindra Manulife Trustee Private Limited (formerly known as Mahindra Trustee Company Private Limited) as the trustee. The trust deed, dated September 29, 2015, has been registered under the Indian Registration Act, 1908, as amended by the deed of variation dated April 29, 2020. The MF was registered with the Securities and Exchange Board of India (SEBI) on February 4, 2016, under Registration Code MF/069/16/01. Its quarterly average AUM stood at Rs. 19,091.9 crore¹ for the quarter ended March 31, 2024 (Rs. 9,820.9 crore for the quarter ended March 31, 2023).

Mahindra Manulife Liquid Fund

Launched in July 2016, Mahindra Manulife Liquid Fund is an open-ended debt scheme that seeks to deliver reasonable market-related returns with lower risk and higher liquidity through a portfolio of money market and debt instruments. The scheme's AUM stood at Rs. 1,251 crore as on May 31, 2024.

Mahindra Manulife Low Duration Fund

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

Launched in February 2017, Mahindra Manulife Low Duration Fund is an open-ended debt scheme that aims to provide reasonable returns, commensurate with a low to moderate level of risk and a high degree of liquidity, through a portfolio of money market and debt instruments. The scheme's AUM stood at Rs. 601 crore as on May 31, 2024.

Mahindra Manulife Ultra Short-Term Fund

Launched in October 2019, Mahindra Manulife Ultra Short-Term Fund is an open-ended debt scheme that aims to generate regular income and capital appreciation through investment in a portfolio of short-term debt and money market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. The scheme's AUM stood at Rs. 234 crore as on May 31, 2024.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022
					Jun 19, 2024	Jun 23, 2023	Dec 06, 2022	Aug 05, 2022	Sep 21, 2021
1	Mahindra Manulife Liquid Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
2	Mahindra Manulife Low Duration Fund	Long term	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]A1+mfs	[ICRA]A1+mfs
3	Mahindra Manulife Ultra Short-Term Fund	Short term	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs

Complexity level of the rated instrument

Instrument	Complexity Indicator
Mahindra Manulife Liquid Fund	Not applicable
Mahindra Manulife Low Duration Fund	Not applicable
Mahindra Manulife Ultra Short-Term Fund	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

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Mahindra Manulife Liquid Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Mahindra Manulife Low Duration Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Mahindra Manulife Ultra Short-Term Fund	NA	NA	NA	NA	[ICRA]A1+mfs

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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