

February 28, 2022

## Aditya Birla Sun Life AMC Limited: [ICRA]AAAmfs assigned to Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund and Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund; provisional rating assigned to Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund	-	-	[ICRA]AAAmfs; assigned
Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund	-	-	Provisional [ICRA]AAAmfs; assigned
Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund	-	-	[ICRA]AAAmfs; assigned
Aditya Birla Sun Life Banking & PSU Debt Fund	-	-	[ICRA]AAAmfs; outstanding
Aditya Birla Sun Life Corporate Bond Fund	-	-	[ICRA]AAAmfs; outstanding
Aditya Birla Sun Life Floating Rate Fund	-	-	[ICRA]AAAmfs; outstanding
Aditya Birla Sun Life Income Fund	-	-	[ICRA]AAAmfs; outstanding
Aditya Birla Sun Life Liquid Fund	-	-	[ICRA]A1+mfs; outstanding
Aditya Birla Sun Life Low Duration Fund	-	-	[ICRA]AAAmfs; outstanding
Aditya Birla Sun Life Money Manager Fund	-	-	[ICRA]AAAmfs; outstanding
Aditya Birla Sun Life Overnight Fund	-	-	[ICRA]A1+mfs; outstanding
Aditya Birla Sun Life Savings Fund	-	-	[ICRA]AAAmfs; outstanding
Aditya Birla Sun Life Short Term Fund	-	-	[ICRA]AAmfs; outstanding
<b>Total</b>	-	-	

\*Instrument details are provided in Annexure-1

### Rationale and key rating drivers

ICRA has assigned a provisional rating of [ICRA]AAAmfs to Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund. The provisional rating is based on the indicative portfolio of the scheme with the credit score of the indicative portfolio being comfortable at the assigned rating level. On the opening of the scheme for regular investments and after analysing the credit score of the scheme for at least three months, the investment portfolio and its credit score will be benchmarked against the credit matrix to finalise the rating. The rating would not be meaningful/applicable in the absence of the pending action, i.e. the scheme not being launched.

ICRA has assigned a rating of [ICRA]AAAmfs to Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund following ICRA's monitoring of the credit risk profile of the month-end portfolio position of the scheme. Further, ICRA has assigned a rating of [ICRA]AAAmfs to Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund basis the month-end portfolio position of the scheme and the stated intention to invest in state development loans (SDLs). 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 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 factors** – ICRA could upgrade the rating of the scheme if the credit quality of the underlying investment improves or the size of the AUM increases significantly, which may result in a decrease in the share of lower rated investments, resulting in enhanced credit quality of the portfolio.

**Negative factors** – 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="#">Methodology for Rating Mutual Fund Schemes</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the company

Aditya Birla Sun Life AMC Limited is the AMC for the mutual fund schemes of Aditya Birla Sun Life Mutual Fund (ABSL MF). The quarterly average AUM of the schemes of ABSL MF during the quarter ended December 31, 2021 (excluding Fund of Fund schemes) was Rs. 2,98,762.79 crore.

### **Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund**

Launched in September 2021, Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund is an open-ended scheme with the investment objective of tracking the NIFTY SDL Plus PSU Bond Sep 2026 Index by investing in public sector undertaking (PSU) bonds and SDLs maturing in or before September 2026. The scheme would invest in AAA-rated PSU bonds and SDLs maturing within the maturity date of the scheme (i.e. September 30, 2026). The AUM of the scheme stood at Rs. 2,983 crore as on January 31, 2022.

### **Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund**

Launched in February 2022, Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund is an open-ended target maturity fund tracking the CRISIL IBX AAA Index – June 2023 with the investment objective of generating returns corresponding to the total returns of the securities as represented by the CRISIL IBX AAA Index – June 2023 before expenses. In line with the maturity profile of the underlying index, the maturity of the scheme is expected to be June 30, 2023.

### **Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund**

Launched in January 2022, Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund is an open-ended target maturity fund tracking the NIFTY SDL Apr 2027 Index with the investment objective of generating returns corresponding to the total returns of the securities as represented by the Nifty SDL Apr 2027 Index before expenses. The targeted maturity of the scheme would be April 30, 2027. The AUM of the scheme stood at Rs. 487 crore as on January 31, 2022.

**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 (FY2022)				Chronology of Rating History for the Past 3 Years							
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022		Date & Rating in FY2021		Date & Rating in FY2020		Date & Rating in FY2019		
				Mar 02, 2022	Apr 19, 2021	Dec 30, 2020	Apr 17, 2020	May 27, 2019 Jul 01, 2019	Apr 11, 2019	Jan 21, 2019	Jul 06, 2018	
Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund	LT	-	-	[ICRA]AAA mfs	-	-	-	-	-	-	-	-
Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund	LT	-	-	Provisional [ICRA]AAA mfs	-	-	-	-	-	-	-	-
Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund	LT	-	-	[ICRA]AAA mfs	-	-	-	-	-	-	-	-
Aditya Birla Sun Life Short Term 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	[ICRA]AA+ mfs
Aditya Birla Sun Life Money Manager Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Savings Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Low Duration Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Floating Rate Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
Aditya Birla Sun Life Liquid 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	[ICRA]A1+ mfs
Aditya Birla Sun Life Overnight Fund	ST	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	-	-
Aditya Birla Sun Life Banking & PSU Debt Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	-	-	-	-
Aditya Birla Sun Life Corporate Bond Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	-	-	-	-
Aditya Birla Sun Life Income Fund	LT	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	-	-	-	-

LT – Long term; ST – Short term; ^ Erstwhile Aditya Birla Sun Life Short Term Opportunities Fund

## Complexity level of the rated instruments: Not applicable

Instrument	Complexity Indicator
Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund	Not Applicable
Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund	Not Applicable
Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund	Not Applicable
Aditya Birla Sun Life Banking & PSU Debt Fund	Not Applicable
Aditya Birla Sun Life Corporate Bond Fund	Not Applicable

Aditya Birla Sun Life Floating Rate Fund	Not Applicable
Aditya Birla Sun Life Income Fund	Not Applicable
Aditya Birla Sun Life Liquid Fund	Not Applicable
Aditya Birla Sun Life Low Duration Fund	Not Applicable
Aditya Birla Sun Life Money Manager Fund	Not Applicable
Aditya Birla Sun Life Overnight Fund	Not Applicable
Aditya Birla Sun Life Savings Fund	Not Applicable
Aditya Birla Sun Life 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: [www.icra.in](http://www.icra.in)

**Annexure-1: Instrument details: Not applicable**

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

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